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# ***JPRS Report***

## **Soviet Union**

***International Affairs***

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## International Affairs

JPRS-UIA-89-004

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**Problems of Moscow International Trade Center**  
18250097 Moscow IZVESTIYA in Russian 25 Feb 89 p 4

[Interview with Moscow International Trade Center General Director F. K. Kryuchko by G. Alimov: "The Sparkle and Poverty of Sovintsentr"]

[Text] This building of glass and concrete in Krasnaya Presnya is the very embodiment of prosperity and grandeur. Yet the life of the Moscow International Trade Center [Sovintsentr] is not very rosy in the eyes of the businessmen who live and work here. Quite the opposite. And how do they feel about it in the directorate of the All-Union Association? Our correspondent talks with Sovintsentr general director F. K. Kryuchko.

[Alimov] Fedor Kirillovich, many businessmen accredited to you have little that is nice to say about Sovintsentr when you talk to them. Are you aware of these opinions?

[Kryuchko] Unfortunately, I am. Recently a businessman came up to me. He gave me forty minutes of criticism: the problems with the elevators frequently out of service, the ceilings are peeling, you cannot get a quick cup of coffee, or into the restaurant when you need to, and the air conditioners do not work, and many, many other things. This is sad but true. The only thing to do was to listen to him silently, agree with the criticism and promise to correct it.

[Alimov] You would agree that your answer was cold comfort for the businessmen. I spoke with a few of them before our conversation. Some have already become accustomed to the shortcomings just mentioned. Others are extremely annoyed.

[Kryuchko] Just as at home, businessmen here work themselves to death. If you take into consideration that they are paying all hard currency for housing, offices and food, then there is really nothing to justify these lapses. They want to get everything for their money that they would get at home. We understand this perfectly well, but there is nothing we can do. I will be frank; there is nothing to hide. It is embarrassing to speak about the Center's problems, but I must. Just do not take my answers as an attempt to whitewash and defend Sovintsentr.

[Alimov] Very well. For now, this question: what is the role of Sovintsentr, what problems does it solve? Not all of our readers have a good idea of this.

[Kryuchko] This is the center of international trade in Moscow, the starting point for involvement with commercial contacts. In certain sense, our center is a sort of "calling card" of the country's business life. Dozens of foreign firms' trade representatives are accredited here.

300-350 various international events take place here every year: congresses, foreign economic symposiums, meetings, exhibitions, displays of foreign and our own export products.

We are working in several directions. The Center's primary task is to promote business. But that is not the only thing. We are also called upon to promote the development of science and technology ties, and cultural ties. We supply the businessman who work here with translators, typists and secretaries, teletypes, telefax... We take care of everyday life. As intermediaries, we help seek out business partners, and advise where and what to buy or sell. Of course, all this is not free.

[Alimov] In that case, would you disclose your trade secret: what is your annual income? Judging by this, is it something to complain about? Life in Sovintsentr is expensive...

[Kryuchko] There is no secret. Just in freely convertible rubles, over 38 million. The income in 1985 was 26 million. The current growth is explained by price increases. We have started to offer more varied services to clients. We could earn even more, but...

[Alimov] To tell the truth, after this is strange to hear that you are having some difficulties, that you can't solve the problems with the elevators and other things. Can it be that I do not understand something?

[Kryuchko] I would be glad to explain. We have the money, the hard currency, but we don't... as general director, I have the right to spend only 10 rubles of cash on the Center's needs every 24 hours. No more. Does that surprise you? But we have been put in very difficult circumstances. And we have not yet managed to break through this system. It is practically impossible to purchase anything on a non-cash account. Nevertheless, it is perfectly clear that 10 years after the opening of Sovintsentr, much here is in need of renovation; new equipment is needed, things need patching. Resources must be invested. They have not been allocated. Even for the minor repairs. Perhaps something will change with the acceptance of the USSR Council of Ministers order for the creation of of hard currency funds in associations with trade and industrial houses.

A simple example. The problem with the chairs. They should have been replaced long ago. We cannot. The customers rent them for various meetings and negotiations. It costs five rubles to rent one chair for one day. It pays for itself in four days. Of these five rubles, the Center sees three kopecks. Now you can count how much has to be saved in order to solve this problem. And they don't make these here. In my three years here, we have not managed to purchase a single chair. This is the "hard currency earning power" of the Sovintsentr. I fought—the only word appropriate—for the right to purchase at the market some greenery for the restaurant. We import products from abroad: from France for the French; for



"Sakura," from Japan. It is a shame to import greens from there. But that is how it must be; our restaurants are first-class. And what do you know? Ten signatures must be collected, and the market director requested to verify, for example, that parsley really costs such and such a price. We are bound hand and foot by such instructions. God only knows who benefits from a system like this...

[Alimov] You said that much in the Center must be renovated. What exactly?

[Kryuchko] Practically all of the equipment is old and worn out. For example, the kitchen equipment is on its last legs (it should really be replaced every two years, and we have not replaced it once); the telephone and elevator systems are on the verge. For instance, in place of two elevator repairmen, we are forced to maintain an entire repair brigade. The little things break down, and we cannot buy new ones. We have to make arrangements with enterprises to turn them out there. These matters were raised with various organizations, but to no avail.

[Alimov] What is the basic problem? Could it be that your requests are unconvincing?

[Kryuchko] Perhaps. It is possible that the shining facade of the Sovintsentr tricks the eyes. We give a good profit; the enterprise prospers. It seems, they sum it up: why incur any expenses when we can get along without them. We seem to be holding together, without falling apart at the seams. Even more great things are being planned with what we have achieved. Apparently, all is more visible to Gosplan than it is to us. Over there, they do not understand one important thing: our association cannot be approached with the usual measures with our taking into consideration the specifics of our situation. We are servicing business people, not tourists.

[Alimov] How much is necessary to solve your problems?

[Kryuchko] Today, 4 million rubles. If things go on like this, our "economy" will cost even more. Last year, we "compromised" by allocating 400,000 rubles. This was the same as nothing. We tried to find other ways to get hard currency. We contracted with the Ministry of the River Fleet to rent one of its ships. It has been moored at the Moscow River embankment for a year now. We opened a joint restaurant there with the French, renting out the staterooms as in a hotel. It paid for itself within a year. Our profit was about a million hard currency rubles. We had just decided to use the money for our needs, and the unexpected happened: Gosplan seized it and included the income in the plan.

[Alimov] Have you thought of transferring to khozraschet, self-financing? This would probably help you untangle many knots.

[Kryuchko] We have been ready for some time now. We have demanded independence for some time. But the time frame for the transfer is constantly being postponed. We ask why, they answer, it's too soon; Sovintsentr is categorized as a public organization(!?). However, we were forced to select a collective labor council. On the other hand, we were not given the rights of a state enterprise. This is completely incomprehensible to us. We are a city within a city. Everything here is ours, from the stores to the restaurants, to the gymnasium to the beauty parlor...

[Alimov] Fedor Kirillovich, many businessmen are embittered: it is impossible to work out of Sovintsentr. Living and office space is the biggest shortage they experience. Why has construction of the second stage of the international trade center lagged? It is harder than ever for entrepreneurs coming to Moscow to get space with us. We can now fulfill the requests of only 40 percent of the foreign firms. The second stage does not depend on us. The Moscow city ispolkom is its customer. But problems have arisen. The USSR Ministry of Culture and the residents of surrounding neighborhoods contend that the adjacent Sovintsentr has almost ruined Krasnopresnenskiy Park. Someone started the rumor that it would be given to foreigners, others contend that the new building will cast shadows on the park. But the project is actually designed to do no damage to the park. We are wedged into a completely unused 20 meter section of a 15 hectare park. The discussions continue. Unjustifiable emotions are boiling; they have already cost 10 million hard currency rubles for the establishment of the project. We ourselves feel the businessmen's enormous desire for mutually advantageous collaboration. And we cannot even have them for two or three days. That is no way to do business.

[Alimov] One more question. Businessmen, they themselves say, are prepared to endure all inconveniences, but why is there no opportunity to get out of the city for the weekend, why are there no resort homes?

[Kryuchko] Land is needed, a base. It is not forthcoming. These matters have been presented to Gosplan and the state foreign economic commission more than once. We are still waiting for a decision.

### **Soviet Bureaucrats Blamed For Blocking Joint Venture**

**American Businessman's Article**  
18070504 Moscow SOVETSKAYA KULTURA  
in Russian 28 Jan 89 p 3

[Article by Peter Marsi, U.S. Businessman, "Thinking as an Idealist"]

[Text] I have finally begun to understand the real situation in contacts with the Soviet bureaucracy.



I used to think that if I showed enough patience and purposefulness, I would succeed in having the Soviet Union realize the benefit of innovation and progress. Thinking as an idealist, I assumed that the Soviet Union would give a warm welcome to any foreign company with a serious reputation that can provide help in resolving the problem of the urgent meat shortage, and at the same time reduce or eliminate the extensive import of grain that has become such a financial burden on the country, thus saving billions of dollars a year. After eight years of struggle with Soviet functionaries in GOSAGROPROM [State Agricultural Industry], which I waged at all levels from the lowest to the highest, I have found that the needs of the people and the interests of the country are of secondary importance to them. Their basic goal is to maintain the position and authority of the bureaucracy. The justification always looks the same: "We don't need your product. We are already developing an analogous product." But where exactly is this product? I have been hearing these stores since November 1982, and to this day they tell me the same old fairy tale.

I wrote two articles that were published last year in SOVETSKAYA KULTURA. In these articles I offered possible methods of resolving this problem. Immediately after publication of the second article, I received an invitation to visit Moscow with the chief animal husbandry specialist of the "Moorman Manufacturing" company, Darrel Hill. In the first week of our stay in Moscow, we twice met with the chairman of GOSAGROPROM, First Deputy Secretary of the USSR Council of Ministers Murakhovskiy. These meetings appeared to be productive in the sense that Murakhovskiy proposed signing a long-term agreement, for 40 years to be precise, for the creation of a joint venture to manufacture our products in the Soviet Union. I stressed that for the first five years of this agreement, the need would arise for relatively small imports of our products. For this it would be necessary to allocate a maximum of 150 million dollars annually from the current sum of 4 billion dollars spent for the import of grain. The purpose was to give our product, "Mintrate-X" to meat producers until the production of Mintrate-X was established in the Soviet Union in the required volume. At the same time we would be able to raise the effectiveness of the feeds and the quality of meat production, by virtue of which we would practically pay for production and would also help to reduce the current meat shortage. Initially Murakhovskiy opposed the imports, but at our second meeting he made no new objections when I intentionally and convincingly raised the question again, making it a condition for the signing of the joint venture agreement. Murakhovskiy also studied and approved the document entitled "Principles for the creation of a joint enterprise for the production of meat and poultry." This document was developed by GOSAGROPROM and presented to us by Lev Garusov, whom Murakhovskiy had appointed project manager.

The main points of this document: 1) "Moorman" would provide the technology and provide quality control and training of servicing personnel, 2) GOSAGROPROM

would provide the premises, 3) GOSAGROPROM would use only the additive and concentrate "Mintrate-X" produced by the "Moorman" company in the USSR, in exchange for the agreement of the "Moorman" company to make GOSAGROPROM the sole channel for distributing "Mintrate-X" imported or produced in the Soviet Union, 4) in payment for its service, "Moorman" would receive convertible currency depending on the effectiveness of the feeds and the increase in meat production.

Since the Soviet side suggested to us that all Soviet enterprises producing feed additives be converted to manufacture our material, "Mintrate-X", we asked them to show us such an enterprise and provide us with data on the Soviet product called SKA. We needed this in order to understand what changes had to be made in the design of the enterprise, which ingredients were present and which would have to be made. Garusov suggested that we fly to Krasnodar, where such an enterprise was said to exist. As it turned out upon arrival in Krasnodar, this trip proved to be successful because we met Mikhail Mikhailovich Lomach there, the director of the "Kuban" APK [Agro-industrial combine], a very energetic person, and also met directors of a pig farm, a poultry farm, and a milk plant that were part of this combine. Lomach heard about our product and showed great interest in the possibility of buying it for his combine. However the APK "Kuban" does not have sufficient reserves of convertible currency to import it, and it has no capabilities for producing our additive. In a telephone conversation Lomach asked Murakhovskiy to allow him to establish direct contacts with us and to receive a sufficient quantity of convertible currency. The request was refused. We tried to find other means for business contacts, but did not find an acceptable solution. After our return to Moscow, there was a final meeting in Garusov's office. It was explained to us that a minimum of nine months were required for the creation of a joint venture, but that the convertible currency for paying for import deliveries most probably would appear within 2-4 months, and that we could plan on returning to the USSR in November 1988 to discuss the potential for implementing this program with the officials of GOSAGROPROM.

On 27 October 1988, we received a telex from Garusov, which said that: 1) specialists of GOSAGROPROM had unanimously concluded that our proposals for the creation of a joint enterprise were unacceptable; 2) licenses for the import would be not granted; 3) the ultimate goal was not to convert all their enterprises to produce additives and concentrates for the manufacture of "Mintrate-X"; 4) "Moorman" would not participate in distribution of receipts from the buildup of meat production and 5) in addition to other obligations, the "Moorman" company would be required to pay a financing fee.

On 28 October 1988 we sent a reply, reminding GOSAGROPROM of its own initial proposals, examined and apparently approved by Murakhovskiy. We explained

that at meetings in Moscow we had objected to participation in the distribution of receipts of enterprises from the additional production of meat. We wanted to participate only in receipts received from the saving of funds spent for grain. At present we do not see the need for a financing fee from our side, since there are already Soviet enterprises for the production of additives, and we must pay our technical specialists working in the Soviet Union. Therefore we requested that they organize a new meeting in Moscow for direct discussion of this question with specialists of GOSAGROPROM, and in addition asked them to invite enterprise directors M.M. Lomach and V.Ya. Gorin from Belgorod to it in order to resolve our disagreements.

On 10 November 1988 we received a response. I will quote some excerpts from it: "Our research institute studied SKA and other feed additives for pigs, poultry, and cattle". In addition: "We do not see the need...to organize the meeting with our specialists in the USSR you have proposed...GOSAGROPROM does not grant final approval for the creation of a joint venture to produce "Mintrate-X" in the USSR."

What had happened? In August Murakhovskiy proposed signing a 40-year agreement to manufacture our product exclusively in the USSR. In October it turned out that his specialists no longer required it.

Of course we are disappointed. I continue to believe that Murakhovskiy and his representative Garusov dealt with us conscientiously. However they did not allow for the impenetrability of the top echelon of GOSAGROPROM. After we carried out the first and very successful feeding of 1,200 pigs at the "Ladozhskiy" sovkhos in 1983, it realized the danger posed by our product. We had shown that we could raise the effectiveness of feeds by a factor of three in comparison with the average level in the Soviet Union, and double the production of meat with an enormous cost savings. Losses and inefficiency of Soviet agriculture became obvious. Someone undoubtedly had to bear responsibility for this. The leaders in Moscow were those who for many years had committed errors and led Soviet agriculture in the wrong direction.

A strategy was developed. Highly-placed officials of the agricultural department refused to meet with us. We were referred to lower-level bureaucrats who had no authority. Telexes were left unanswered. They were happy to forget about us. We constantly received a reply that boiled down to the fact that the Soviet Union was manufacturing a product analogous to ours, and what was more, that the convertible currency was not available. It was quite strange that they could always find the currency for annual purchases of grain in enormous quantities, grain that would not be necessary if their animals were properly fed. Despite the enormous currency expenditures, the economy of Soviet agriculture does not markedly improve each year. Nevertheless no one in GOSAGROPROM has tried to correct the situation. Now the urgent meat shortage is observed everywhere,

and their reaction remains the same. This year the Soviet Union will purchase 35 million tons of grain, not counting the millions of tons of other feeds, an uneconomical and inefficient solution. In addition it will buy hundreds of thousands of tons of meat. But as the last telex said: "We have our own additives, we have no need of yours." If this is the case, why did Murakhovskiy not know about in August 1988, and why did the Soviet Union increase the purchases of grain this year in comparison with last? There would have been no need for this if they had a product like ours.

Unfortunately, I draw the conclusion that a small group of faceless officials decided that they would protect their positions at any cost, regardless of the fact that the average Soviet worker is deprived of meat, regardless of the fact that valuable convertible currency is being squandered, and regardless of the fact that they will put in a difficult position and will undermine the positions of the government headed by M.S. Gorbachev. They probably think that if this crisis situation goes on, there will be grounds to believe that perestroika has failed, and they can return to the "good old days, when they did not have to do anything, and no one asked questions". This is an inhuman, cruel, ruinous, and irresponsible position. It is tragic that the populace of the Soviet Union must suffer so that a few bureaucrats can live lives of privilege.

Perhaps the time will come when the situation will change. Until then we want to thank all the farm managers and their employees, the representatives of the State Committee for Science and Technology, and all who worked with us, and invested their work in our project.

#### Officials' Fear of Responsibility

18070504 Moscow SOVETSKAYA KULTURA  
in Russian 28 Jan 89 p 3

[Discussion between Vladimir Tikhonov, VASKHNIL Academician, and correspondent: B. Yunanov: "A Right to Irresponsibility?"]

[Text] [Yunanov] Vladimir Aleksandrovich, from your viewpoint, after several years of negotiations, why was no deal closed with the American company, and why were all of its proposals ultimately rejected?

[Tikhonov] Upon becoming acquainted with Peter Marsi's article, I recalled a story told to me by a likeable young American named Peter Geraldini. We met him during a Soviet-American economics seminar at the Boston School of Business. As a representative of his company, Geraldini at the time was still negotiating with the USSR MINSELKHOZ [Ministry of Agriculture] for the purchase by the Soviet side of California technology for mechanized cultivation, picking, and processing of tomatoes. Geraldini said "We proposed to the Russians that we send our machines to their assigned sites, i.e.



Moldavia, demotball them, and set them to work at once". And consent to this deal was apparently given at a high level. But then it began circulating through the lowest bureaucratic levels. Twenty-nine approvals were needed, no more, no less, for the preliminary agreement to be realized in a contract. But that wasn't the half of it, as they say. The trouble was that each bureaucrat who had the right to approval deemed it necessary to append his own extensive remarks to the resolution. Thus in the first stage of the bureaucratic skyscraper there were: in the American system, 12 product descriptions, of which we were already producing 8 here, so that we did not need the American ones. And after this 8 Soviet technical product descriptions were written into the draft, which in terms of their dimensions, productivity, and other parameters in no way fit in with the American system. Then in the next stage a bureaucrat-chemist expressed his perplexity: why did we need American fertilizers and herbicides when there were analogous ones here—we could use them. And he also wrote his remarks into the draft. But those fertilizers of ours, they affect the soil in such a way that it is acidified, not to mention their insufficient effectiveness, and the fact that four times as much of them are needed as the American ones, meaning there would be an overload on the equipment applying the fertilizer, in short, again complete incompatibility with the foreign system. A few more steps up the bureaucratic ladder: here they were already speaking of the unacceptability to us of the American organization of labor, that we could not manage without our own, since we have a labor union and labor laws. In the next stage, the same objections with regard to payment of wages, and with regard to our soil structure, which differs fundamentally from the American. And so on. But when finally these 29 approvals themselves were assembled, it was found that the American project was essentially emasculated. And only after intervention by some of the very intelligent people, who possessed force and authority, did the American project begin to be realized. The technology was deployed and testing showed that it surpassed national technology used up to this time by roughly a factor of four in terms of effectiveness. What more did we need to know? But no, we still did not begin buying the American technology. Nor did we begin to buy something similar to it here. We work as we have worked, by the old methods...

If you think about it, something similar happened in the story told us by Peter Marsi. And for me personally it was confirmation of a sad principle I learned long ago: each functionary-bureaucrat, who receives his so-called "salary" without any criteria for the effectiveness of his work, seeks to demonstrate that he is necessary to this system; he always tries to introduce something of his own, but this something of his own is generally a denial of anything, however progressive, if it is foreign. And even the highest leaders of the branch, as in this case comrade Murakhovskiy, have a hard time resisting the bureaucratic apparatus.

[Yunanov] But isn't each functionary personally responsible for the results of his work?

[Tikhonov] Well you see, there are different kinds of responsibility. Imagine this situation. There's this agricultural official, and he has a clearly defined function—distributing plows throughout the entire country, and for this he deals with the manufacturing plants. As he uses his prerogative: he gives as many as needed to one, less than needed to another, and to a third—and then, when there is in general no need for it, the official has surplus, undistributed plows. The results of the utilization of the plows, will they bring a loss, will they harm the soil, or on the contrary, will they improve the soil structure, improve its fruitfulness, bring an improved harvest—all this is a matter of indifference to the official: he receives his salary only for distribution, and that's that. He has no responsibility for the final result. Whether there is meat in the country or not, he can always say: "But that's not my job. That's the job of the people responsible for meat; I'm responsible for plows."

[Yunanov] But isn't someone responsible for meat, at least in that same GOSAGROPROM?

[Tikhonov] Let me ask you then: who? You see, if someone in GOSAGROPROM really was responsible for saturating the market with meat, then probably the need for the institution itself would disappear. However the meat supply is not growing in our country, despite the very great efforts of our statistics...

You understand, we have created the most absurd of all administrative systems that might exist, a state-monopolist economy. The state apparatus is organically intergrown with industrial, agricultural, and other monopolies, and has essentially become the agency of these monopolies in the domestic economy. And each monopoly, i.e., specialized department, is only narrowly responsible for its branch. In turn, within the state-monopolist apparatus each official is responsible for his branch and for nothing else. We have a distribution of labor in society that has attained a very high, and I would say, downright absurdly high level. Here you should note: cooperative ties between the different organs, enterprises, kolkhoz, sovkhoz, between producers and consumers are completely lacking. Instead of market-distribution, the consumer is deprived of the right to buy, he has only the right to receive what is given to him, and to pay as much as the monopolist who formulates the price tells him to. The supplier-producer of a particular machine, means of labor, or product is already relieved of the function of seller; he is only the supplier, he is indifferent to where his product goes. He sends this product where the plan says, and he does not bear responsibility for how much this product is needed by the consumer. There is no cooperation as a counteraction to monopoly, as a competitive struggle between the seller and the buyer. There are no cooperative ties with economic responsibility between different producers. And on this basis, those who make the decisions have no economic responsibility.



[Yunanov] Let us return to the deal offered by Peter Marsi. You know, the preparation "Mintrate-X", as Marsi writes, aroused interest in the USSR. He mentions great and experienced administrators such as the director of the "Kuban" APK, Lomach, and Gorin, the chairman of the Kolkhoz imeni Frunze of the Belgorod Oblast... Is it possible these men are unable to defend the interests of their farms, to challenge the bureaucratic apparatus?

[Tikhonov] It may be that both Gorin and Lomach are ready to take the risk, to bear the responsibility for this. It may be that they are ready to buy "Mintrate-X" even now. But they do not have the right to make the decision. A paradox: the right to make decisions is given to those not responsible for the result. But those who want to manage, to bear responsibility for the ultimate result, they are deprived of the right to make major decisions, as in this case. Why? Well, if only because neither Lomach nor Gorin have the currency to pay the Americans 150 million dollars annually for the first five years. This currency is with those who have the right to make decisions, using is at a right to irresponsibility, i.e., with the leadership of GOSAGROPROM.

[Yunanov] But doesn't economic reform provide an opportunity for the enterprises to have their own earned currency and dispose of it at their discretion?

[Tikhonov] Officially this possibility is opened, but in fact Lomach has 2-3 years of misery ahead before he can start bringing his products to the foreign market. As a result Lomach is not in a position to take a risk, to take on hard currency debts—he still does not know how he could later get out from under them. There are still few real opportunities for earning hard currency. But I would note both to Gorin and Lomach that they still have an opportunity for an effective hard currency income. For instance, if only by supplying, by contract, our "Berezka" cafes, restaurants, and stores, which provide or supply food products to foreigners. But on the other hand, perhaps Gorin cannot undertake this. Because the Americans, for example, have their own requirements regarding pork standards. They want meat, not solid fat, which we produce by growing heavy pigs. And the plan hangs over Gorin, he has to supply heavy pigs, fatty ones. But the meat that Gorin offers Americans they wouldn't buy even for cents instead of dollars. In a word, many things are tied together here.

In the deal proposed by Marsi, our administrators could also have been alarmed by the fact that it was necessary to purchase finished products, rather than technology. But you see, Peter Marsi, as I understand from his letter, was also ready to create a joint venture. This means that the company was prepared to share with our side the risk for the economic results. And by sharing the risk under conditions of, let us say, some uncertainty, the company had an interest in constant improvement of the technology of production, so that the products would be competitive. In general when our administrators are afraid to create joint ventures, they are afraid out of habit of

losing their own independence, independent control. Quite without reason. Without readiness to risk, of course with certain elaborated guarantees, true businessmen cannot exist under current conditions.

[Yunanov] Could not the very essence of the project proposed by the "Moorman" company arouse apprehension on our part? After all, how is American meat doing at the world market level? Mountains of American meat have piled up in Europe, but they want to get rid of it by any means due to the excessive percentage of hormone preparations used in it. In the opinion of experts, this does not pose a serious threat to human health. But nevertheless a "meat war" is being waged between the U.S. and the EEC. Will its repercussions not reach us as well? Finally, could Peter Marsi's proposals have been rejected out of considerations of their elementary economic effectiveness in the long term?

[Tikhonov] In order to answer all these questions, I must know first of all how Peter Marsi's project was discussed in GOSAGROPROM. What arguments "for" and "against" were put forward by the officials, how did they justify their protests. I do not know this. (Nor does our newspaper know it, after repeatedly requesting clarification of the substance of the matter from GOSAGROPROM, without receiving a single response.—Editor's Remark.)

Secondly, is it inarguably necessary to know what "Mintrate-X" is from the aspect of animal physiology and the person consuming the meat? What influence it has on their organism? I cannot say this at present. But I can say the following with confidence.

If the phenomenon described by P. Marsi was unique, then I would abstain from any comment on his letter, in view of my inability to answer the last two questions I posed above. But for some reason this phenomenon has been manifested in absolutely identical form in various branches. Precisely according to the pattern described by the American businessman. And this means that I can draw at least one conclusion: the phenomenon is typical. And here we are not talking of how well-founded the deal was economically (biologically, medically, etc.), but about why this phenomenon is typical. About why we see rejection of many proposals by our apparatus, most of which were known to be beneficial and effective. Why are proposals for radical perestroika of the economic system, made by many national economists, ultimately rejected and not implemented (or are only partially implemented)? It is not because the apparatus consciously shows them, or any proposals for radical renewal of the fundamental foundations of our economic system, which are extremely necessary, but will pose the threat of great problems and serious consequences to the bureaucracy, used to living with complete state support? Any sort of innovations introduced on a mass production scale inevitably will provoke social consequences that will involve the movement of whole groups of people,

arising as a result of the introduction of these innovations into production. In some cases the people will prove to be redundant and be replaced by equipment. In others, people will be "forced out" by the new organization of labor, eliminating the need for those functions that they fulfilled to this point. The official must hide himself somewhere; he begins to fear for his stable material position. In addition he is used to performing precisely this work, precisely these functions, he knows that previously they guaranteed him a salary, so any form of risk is not for him. At times even unconsciously, intuitively selecting specific motives, causes, and reasons to explain his actions, he impedes innovations.

A few more words on the question of the considerations of notorious effectiveness or our own alternative proposals, which may possibly have influenced the decision of GOSAGROPROM. Indeed, Peter Marsi himself suggested to us the most logical response in this regard: if the American technology is bad, and we are looking for something a little better, then why the devil have we been looking for it for so long? Why to this day have we not been able to feed our own people? And why do these Americans, with their technology "unsuitable" for us, not only completely supply their own people, but also export agricultural raw materials and products: for each American farmer there are 56 domestic consumers of his products, and at least another 17 abroad. And here? As before, for one average worker employed in agriculture there are no more than 10.5 consumers. Such is the real picture.

[Yunanov] I suspect that the bitter experience gained by Peter Marsi in his contacts with GOSAGROPROM will have a "sobering" effect on many of his business colleagues. But the idea of joint enterprises is only taking its first practical steps...

[Tikhonov] Even before the policy for the creation of joint ventures was proclaimed, advantageous deals were very often being ruined through our fault. There are all the precedents you wish! And precisely for this reason, business people in America and other countries will not rush to cooperate with us. I repeat: they will not rush. And they fear only one thing, bureaucratic roadblocks that will be insurmountable for them. How many joint ventures have we already formed? Apparently 170. But generally they touch on fields of production that for one reason or other would not be advantageous for the Americans to develop on their own territory.

In short, we must be aware of some skepticism on the part of the western business world, and alas it has a real basis. Indisputably, Marsi's experience will play the role of an additional factor in strengthening this skepticism. That is too bad.

[Yunanov] Vladimir Aleksandrovich, what you have said leads us to the sad thought that radical perestroika of our economic mechanism is still proceeding very slowly.

[Tikhonov] You know, the main trends of economic reform formulated by M.S. Gorbachev are absolutely correct and extremely necessary. Promotion of these ideas is under way, calls for their realization have been made, but to this point no real legal, judicial, ideological, or economic foundations for their implementation have appeared. I would characterize the current period of perestroika as preparation for revolution of the mind. This revolution has already begun, however. But in real economic life, the enthusiasm generated by it is everywhere restrained by a most powerful braking mechanism. The letter from the American businessman has again demonstrated: we have many new slogans, but practically everything remains as before.

However, as soon as the revolution of the mind has truly occurred, when the masses of Soviet people genuinely and fully realize that we can no longer live as we do, that is when "the idea seizes the mass", as Marx said, then all the intellectual charge of perestroika will become an enormous material force. Thus from the point of view of preparing the revolution of the mind, the publication of the letter from the American businessman appears in my view to be especially helpful.

#### **Impact of Foreign Trade Reform on Economy Assessed**

18250077 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 8 Feb 89 p 1

[Letter to editor from A. Samgin, foreign trade worker (Moscow): "Must We Hurry?"]

[Text] The decision on direct operations in the foreign market by enterprises and production cooperatives was published in December. I should immediately clarify that I am not questioning the goal. No, I am questioning something else—our excessive haste.

Even the broadest participation in international division of labor begins and ends in the domestic market, and it is here that we have a veritable tangle of contradictions.... The hope that future foreign trade will save our economy is naive. It is more likely to lead to uncontrollable anarchy.

Direct operations by enterprises and then by cooperatives in the world market are necessary, but they will produce an impact and prevent huge losses if they are preceded, even if only in the most general forms, by an economic reform, the establishment of a union market, and the equalization of our prices with world prices at least to the degree permitted by domestic overhead costs.

Direct operations by cooperatives in the world market at this time would be extremely dangerous. Is this decision the result of naivete or incompetence? Or is it an attempt to carry the fundamentally valid idea of the need to decentralize our foreign trade to absurd extremes? After all, within half a year or a year, those who dream of the good old Ministry of Foreign Trade will have more than

enough arguments to support their demand for a return to it. Could anyone seriously expect our cooperatives to be able to sell their trousers or costume jewelry abroad (the Southeast Asian countries make all of these better and at one-twentieth the cost)? Or could the cooperatives sell machine tools? Of course, some will sell their "brains" (inventions, computer software, etc.), which are cheap in our country, or unique sets of furniture, but this will not amount to much.

Trainloads consisting of tens of thousands of tons of chemical by-products, waste paper, wood pulp, and scrap metal are standing throughout our union, waiting to be sold for foreign currency. They were "collected" within a couple of weeks by enterprising managers of cooperatives from officials, who are equally enterprising in such cases, in industry. The union network of consumer cooperatives is buying up anything that might be sold for foreign currency. By October and November private cooperatives were already pumping out honey, and not from hives. Everything that was always sold without any trouble by state foreign trade associations will also be sold by cooperatives. The country's foreign currency receipts will not change just because the elements of the equation change places. Part of these receipts will simply be deposited in a different pocket. Will we really have to watch in silence as new clans of Soviet millionaires come into being? I think national property should not be disposed of by individuals in the government, not to mention individuals outside the government.

**Course Organized to Train Children as Managers**  
18250108 Kiev *RABOCHAYA GAZETA* in Russian  
25 Jan 89 p 2

[Article by Yu. Kovalenko: "Learn in Order to Know How"]

[Text] The Ukraine's first school for young managers has begun operation at the Kharkov Pioneer Palace imeni Postyshev. Over 50 school children are studying the art of conducting business here.

Here pupils will grasp the fundamentals of administration and organization of production, commercial activity, and independence in the area of administrative and economic work.

The course is being conducted by L. Morozov, a young instructor at the zooveterinary institute. The instructor will enlist the services of many specialists from Kharkov VUZes, including psychologists and sociologists.

The knowledge gained will prepare the children for Komsomol and Pioneer work even now.

**Bulgarian Economic Minister Describes Reforms**  
18070511 Moscow *PRAVDA* in Russian 5 Feb 89 p 4

[Article by correspondent L. Zhmyrev (Sofia): "The Firm Is the Answer; Economic Restructuring in Bulgaria"]

[Text] On a winter evening in the monumental building of the Council of Ministers of the People's Republic of Bulgaria, we, a group of Soviet journalists, were received by Candidate Member of the BCP [Bulgarian Communist Party] Central Committee Politburo and Bulgarian Minister of Economics and Planning Stoyan Ovcharov.

In Bulgaria the transition from the last year to the current one was marked by the December plenum of the BCP Central Committee, where the next practical steps in the restructuring of the economy were discussed, the minister told us. When the further construction of socialism in Bulgaria was being planned, our Bulgarian comrades chose a new course because, in their opinion, the possibilities of the earlier model have already been exhausted in Bulgaria.

The essence of the planned changes was reflected in the so-called 56th Ukase of the State Council—on the organization of economic activity by firms. The consensus in Bulgaria is that the firm should be the cornerstone of the restructured economy. It is here that the laborer's isolation from the means of production is to be surmounted.

The decision to transfer socialist property for economic performance and management to the control of collectives was made around 2 years ago. Nothing changed, however, because the mere wish to perform a political act is not enough. A mechanism was needed to unite the interests of the producers of goods and the state. Now people here are saying that the firms can help to create it.

What can the new firms do? According to plans, these self-managed units will not be the same as today's plants, factories, associations, etc. The administrator of the firm will be a board of governors, and not the state, although the members of these boards are expected to include representatives of the state when necessary.

Before the end of March, S. Ovcharov told us, an industrial-trade union will be established. This fundamentally new type of organization is expected to unite the interests of firms and to promote state interests while simultaneously representing an opponent of the state.

This will eliminate the cumbersome and multileveled pyramid of management: from the ministry down to the association, to the economic organization, to the combine or enterprise. By the same token, our Bulgarian comrades tell us, there will be broader opportunities for the use of economic levers.



The fact is that the market mechanism and competition will lie at the basis of the activities of firms. Financing is to be gained primarily through profits; a bankrupt firm will be closed or liquidated. Of course, this will require a completely different normative base than the present one. Laws on added value and on the struggle against monopolistic practices by producers will be passed. A wholesale price reform has been instituted to bring these prices in line with average world prices.

What role will the state play? It will voluntarily give up all tutelage and intervention and will reserve the right to monitor the main "entry" and "exit" indicators of firm activities. Firms will conclude agreements with the state, and the system of taxation will be simplified considerably.

In other words, compulsory regulations will be replaced by the economically necessary and what even might be called economically voluntary participation by firms in state projects.

This brings a comparison to mind. A long-range program for the improvement of the quality of Bulgarian goods, especially export goods, was adopted on the initiative of the BCP Central Committee 5 years ago. What happened? According to reports in the press, Bulgarian battery-operated trucks, motor vehicles, machine tools, tires, and other export items are still far inferior to the best world models. In terms of the level of technology in leading sectors, according to Bulgarian experts, the country is from 10 to 15 years behind the developed states.

Now our friends believe that the establishment of firms, competition, strict taxation, and the free redistribution of remaining profits will give collectives the ability to make their own decisions, through their boards of governors, on matters of convenience and profitability. There will no longer be any need for appeals, special-effort initiatives, and stern orders and decrees. The system will work according to a simple principle: The sale of goods will signify the presence of quality, and the accumulation of goods in warehouses will signify the absence of quality.

In the opinion of S. Ovcharov, firms of the new type will also be able to change the situation completely in rural areas. The present situation there is alarming. The rural population is aging and dwindling. Rural areas cannot be revived by administrative leverage alone. This is the reason for shortages in stores and marketplaces. When the new firms are established in rural areas and begin operating according to the laws of the market in the sphere of agricultural production and the processing of agricultural products, they will gradually fill stores with products. This will benefit them and the consumer.

It was noted at the December plenum of the BCP Central Committee that Bulgaria tried to use the experience of other socialist countries, including the Soviet Union, in its efforts to accomplish the fundamental renewal of the basis

and superstructure. People in Bulgaria feel that the processes of perestroika are creating a favorable situation for productive Soviet-Bulgarian interaction in all spheres.

This raises logical questions about the effects of the establishment of the new firms on existing joint enterprises, including Bulgarian-Soviet enterprises. Only one can be called a joint enterprise in the real sense of the term at this time—the Avtoelektronika enterprise in Plovdiv. As for the dozens of other "joint" enterprises, these are still propaganda "marriages" instead of economic associations. They have no common capital, production program, or manpower. They represent nothing more than ordinary cooperatives, with the addition of the exchange of information and experience. In essence, no real joint commercial or production operations were ever even initiated here.

This is the common opinion of the Soviet and Bulgarian specialists who participated in the cooperation. It has not given rise to pessimism, however. This is a complex process and it will take time. It is important to remember that the long-range program for the development of economic, scientific, and technical cooperation between Bulgaria and the USSR during the period up to 2000 is being carried out sequentially.

The Bulgarian party press has stated unequivocally that the transition to the new type of firm will necessitate many changes and reorganizations, including changes in thinking.

All of this will give rise to many problems—the convertibility of currencies, the compatibility of mechanisms of economic management, membership in international economic organizations like GATT and others—but our Bulgarian friends are looking at the future optimistically.

For example, RABOTNICHESKO DELO recently published the proceedings of a roundtable discussion by Bulgarian economic managers who had worked in the West as executives of firms in a close partnership with monopolies. They agreed that the firms are the key to an open economy, to equal and mutually beneficial partnership, and to the emergence of the economy from recession and from its present rut. It is not people who are at fault here (there are many talented people in Bulgaria), and not the means of production (the country has buildings and machines which are not inferior to their foreign counterparts), but the gradual obsolescence of the system of production relations which is no longer viable. Considerable experience in "what not to do" has been accumulated, and now it is time to move ahead in new ways.

When production is organized in firms, a special role will be assigned to the "human factor." The earlier procedures for the advancement and placement of personnel

will be discarded. People with organizational abilities, the ingenious and creative people of whom there are so many in Bulgaria, will have much broader opportunities.

And all of this is true. The author of this article had a meeting with the "40-year-olds" who are leading the search for new and untried economic methods with faith in socialism and their homeland. They include Director Todor Todorov of the Montana spinning mill in Mikhaylovgrad, where a brigade contract covers all aspects of the work, and manager Nikolay Karakolev of the Bolgarskaya Roza Association in Kazanluk, where the prototype of the new Bulgarian firm has essentially been established. They also include Ignat Radenkov, the manager of what is still the country's only construction-trade firm in Strazhitsa. Here is what he had to say about the future of the firms in Bulgaria:

"Surmounting the bureaucracy will be the most important thing. There are managers who can rely on well-organized collectives and who have the necessary base. As soon as all of the obstacles are out of the way, they will make rapid advances. To date, however, conditions have not allowed us to act like real managers. And the few daredevils who have tried to take this thorny path have failed. Bureaucracy is surmountable if it is opposed by a system, and not by individual heroes and innovators. Organized economic interest manifested within the framework of the law is this kind of system. There must be a free market and free competition. Without competition and without autonomy, there can be no firm in the genuine sense of the term.

"There is another side of the matter. The new conditions will also change the party's role fundamentally. It has headed the restructuring, but it will not impose any specific decisions on anyone. Firms will not be organized on behalf of or at the suggestion of the central committee

and party committees or on behalf of the National Assembly or Council of Ministers. The initiators will be economic organizations, banks, cooperatives, and individual citizens...."

As T. Zhivkov said at the December plenum of the BCP Central Committee (last year), the new forms of economic organization proposed in Bulgaria are consistent with the priorities of socialism and with production relations during the new phase of social development. They are the product of past and present experience in Bulgaria and the experience of other countries. Bulgaria is not applying foreign experience mechanically. It is seeking its own road.

Recent BCP documents and national conference materials said that the Bulgarian concept of perestroika is not isolated from the positive processes taking place in other socialist countries. Our friends have stressed that the goals and objectives of perestroika in the Soviet Union and in Bulgaria coincide fundamentally, although there are understandable differences—in the scales and speed of reforms and in the forms and methods of their accomplishment.

In Bulgaria, just as in our country, people relied too long on authoritarian commands and on the practice of winding up the economy "from above." At this time of perestroika, and particularly the choice of the firm as the basic economic organization, the goal is fundamentally different. Regulation is to be carried out not from above, but from below, with a view to the genuine interests of individuals, groups, and collectives.

Will all of this produce an impact and give the economic mechanism the features of a self-regulating system? Time will tell. What is important is that they are engaged in a quest instead of just marking time. What is more, as our friends stressed, this is a quest based on socialist priorities.

**Peru's President Garcia Interviewed on Debt Problems, Foreign Relations**

18070111 Moscow IZVESTIYA in Russian 4 Feb 88 p 5

[Special correspondent V. Skosyrev interview with President Alan Garcia: "Latin America Must Believe in Itself"]

[Excerpt] Lima—[Question] Looking back, are you satisfied with your activity? In the first 2 years of your presidency the country achieved a high growth rate, but then a crisis erupted. The press links this with the fact that your government fell out with the IMF and Western banks.

[Answer] I am satisfied with the fact that we adopted an anti-imperialist position. As you know, Latin America was primarily a producer of raw material, for which it received a pittance. Industrialization began later on our continent, but the enterprises and equipment were obtained at high prices. Latin America was essentially oriented toward the consumption of imported products and conversion into a borrower. A borrower, what is more, who has to pay a high rate of interest. As a result more money has escaped from here in the past decade than has been obtained in the form of new loans. However improbable this may seem, our continent has become one of the world's biggest creditors, paying, rather, lending the world billions of dollars annually.

Recognizing this, we in Peru decided to limit the foreign debt payments (to 10 percent of the country's annual export earnings—V.S.). The intention was to secure rapid economic progress, using our own capital which had been thus released, and not relying on foreign loans. Thanks to this, Peru initially achieved a 9-percent annual increase, subsequently, a 7-percent increase. However, this became a stumbling block. The rate of development was excessive in relation to the potential at Peru's disposal. Looking back, I would say that we should have striven for a 4-5 percent annual increase.

[Question] Consequently, it is not only a question of the foreign debt?

[Answer] Two different problems need to be clearly distinguished here: the foreign debt, which is not being paid off, and the unduly rapid rate of growth of the Peruvian economy. Some Latin American journalists and politicians maintain that whoever does not pay off the foreign debt will encounter the same difficulties as Peru. They also show that only given the receipt of foreign credit and IMF assistance can economic progress be made. In my opinion, this is a colonial way of thinking. After all, experience shows that even the states which have complied in full with all the IMF's requirements and have made the maximum effort to repay the debt confront serious problems.

And Peru's problems are in no way connected with the limitation of foreign debt payment. In other words, the present crisis is the result of the government's allocation of large subsidies for foodstuffs, the low rate of bank lending and the low dollar exchange rate in relation to the national currency. All this engendered a budget deficit and substantial amounts of imports. We are having to rectify this situation.

**Correspondent's Comment**

I observed scenes in Lima which are probably unique: cars were being stopped on the central streets by young men and women waving electronic calculators. These were brokers (money changers) offering to exchange Peruvian money—the inti—for dollars. The inti's rate sometimes falls or rises overnight by several hundred units, undermining well-off people's faith in the national currency and giving rise to an outflow of capital overseas. In a word, the country's economy is so closely tied to the currency and finance system of the West (primarily the United States) that the capitalist powers and leading banks can always "punish" the Latin American state if its policy appears unduly independent. Peru has essentially been "punished" for attempting to operate independently.

[Question] Is there any hope that Peru will reach agreement with Western creditors?

[Answer] I do not believe that the moneybags have a heart or that the international banks will understand our situation. But they have an interest, of course, in getting back the money which they lent.... We believe that thanks to the internal resources of Peru and Latin America and also the productive investment of foreign capital, I repeat, productive, and not the kind where hard currency goes merely to pay off the interest on credit extended earlier, Peru could achieve steady development. This problem may be solved only by the joint efforts of all of Latin America. I am sure that were other countries with a large debt to decide to limit their payments thereon, this would force the creditors to change their position.

[Question] Indeed, the Latin American states have much in common with one another, and not only economically. In Argentina, for example, there have been attempts at a military putsch. In Peru also there is frequent talk of the possible intervention of the military in politics. Is such a danger real?

[Answer] I do not think so. The democratic system is firmly rooted in Peru. We are experiencing social burdens which have built up over many years, but there is accord among the political forces. I believe that the possibility of a coup in Peru may be ruled out.



[Question] Let us now turn to international policy. The USSR and Peru are at this time commemorating the 20th anniversary of the establishment of diplomatic relations between our states. It would be interesting to know your assessment of this date.

[Answer] Twenty years ago Peruvian citizens' passports contained a note attesting that the passport was invalid for entry into the Soviet Union. This was the case by virtue of the fact that we were essentially in the position of a colony. But now we feel profoundly satisfied in connection with the development of diplomatic and trade relations and industrial and military-technical cooperation. I would like to say also that we are observing with interest the changes in the Soviet Union, which is with great sagacity opening new paths in international politics. It seems to me that Mr Gorbachev is the exponent of the fundamental idea that capital investments in the military sphere are fallacious and absurd and that they should be geared to the restructuring of the world economy. For this reason we welcome his progressive proposal concerning foreign debt problems. We will support the Soviet Union's proposals in support of peace and disarmament.

[Question] Are there spheres where the cooperation of our countries could be expanded?

[Answer] There are spheres in our bilateral relations which we would like to develop. For example, the Soviet Union has extended to Peru credit for machinery and equipment purchases, which we intend to use. A mutually profitable fishing agreement is already operational. It is being criticized on the part of Peruvian rightwing circles which continue to live by the standards of the "cold war" times. We, however, will fulfill our fishing agreement.

#### Correspondent's Comment

In accordance with the arrangement between the two countries, the Soviet Union acquires the right to send fishing vessels inside Peru's 200-mile zone. They may operate in an area no closer than 30 miles from shore and catch 400,000 tons of fish a year (hormesackerel, hake and mackerel are found in local waters). In accordance with the terms of the documents which have been signed, part of the catch is handed over to Peru.

The agreement, which is of a mutually profitable nature, has given rise to the unhappiness of the shipowners, who fear that an influx of fish onto the market will lead to lower prices. A number of senators and opposition party figures have made the fishing agreement the subject of domestic political struggle on the threshold of the approaching presidential election.

[Question] Peru has actively opposed the imperialist intervention in Nicaragua's affairs. What do you think, is there the increased likelihood of a peace settlement in Central America with the takeover of the new administration in the United States?

[Answer] I believe it is necessary to wait and give the new administration time for it to show by its own actions the positions it holds. Naturally, there is hope of a peaceful solution since the new president is a man who thinks very realistically and less dogmatically. We expect the United States to understand that it does not have the right of tutelage over our countries' political development. We eight Latin American states (the Contadora Group and its Support Group—V.S.) will continue to defend the sovereignty of Latin America.

[Question] After you had assumed the presidency, you called on the Latin American states to agree on a reduction in military spending. This initiative had big repercussions on the continent. And to view the problem on a global scale, what do you think of the USSR's decision to unilaterally reduce its armed forces?

[Answer] This decision seems to me very bold and of historic significance. Disarmament cannot be a subject of bargaining. Disarmament means the will of one of two parties, which must set an example, to dispel the fears of the other. The nuclear arms race is a product of fear. Mr Gorbachev is showing that he is not afraid. This seems to me very important.

[Question] At the meeting of presidents of the states of your continent you said that Latin America also needs perestroika. What did you mean?

[Answer] Perestroika means great renovation, great social reorientation. Under Latin America's conditions its purpose should be unity. For 150 years now each of the 20 countries has been communicating with the world in isolation. Each believed that it alone could best build relations with the world. Sixty years ago each believed that it would obtain the best prices for its raw material. Forty years ago each believed that it could create its own developed industry, and as a result we have acquired 20 inefficient economic structures. We have pursued policy with blinders on. Latin American perestroika is necessary to open our countries' eyes. We must understand that we are 20 parts of a single state and move toward unity on the continent.

I shall give an example. Latin America annually imports \$50 billion of commodities, the majority of which we could manufacture ourselves. Thus Peru purchases tractors outside of Latin America, but could purchase them in Brazil. Were we to make if only some of these purchases on the continental market, we could create millions of jobs. Each country is living with its eyes on the United States. But we should be oriented toward the continent.

[Question] What would you like to convey to IZVESTIYA readers?

[Answer] Soviet people and Peruvians must communicate with one another more. I am sure that if we get to know one another better in the sphere of the economy and culture, this will be to the benefit of our peoples.

# Selected Articles from LATINSKAYA AMERIKA No 11, November 1988

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## LETTERS TO THE EDITORIAL STAFF

Latin American Economic, Political Role in Asian-Pacific Basin Examined  
18070102 Moscow LATINSKAYA AMERIKA  
in Russian No 11, Nov 88 pp 11-22

[Article by A. I. Sizonenko: "Pacific Processes and Latin America"; first two paragraphs are introductory]

[Text] More and more frequently today we hear the assertion that the 21st century will be the "Pacific century." The countries of the Asian-Pacific basin today form a new, influential and dynamic center of the world economy.

Over 2 years have passed since the day that M. S. Gorbachev delivered his Vladivostok speech, since our country's "Pacific policy" was brought up to date. The program proclaimed then to provide for the security and mutually advantageous cooperation of the region's countries has now been supplemented by the new initiatives advanced in September 1988 in Krasnoyarsk, which are a continuation and reinterpretation of the "Vladivostok Program." The "Krasnoyarsk package" is unprecedented in many aspects and has introduced a great deal that is new—from the intention to create economic free zones in the Soviet Far East to the proposal that military bases in the region be dismantled. Taken as a unit, the Krasnoyarsk initiatives establish the prerequisites for political stability in the region, aimed at far-flung and extensive foreign economic ties. "We are only at the start of the path to the future of the Asian and Pacific part of the world," M. S. Gorbachev stressed in Krasnoyarsk. "There is a great deal to be done. Hardships, and obstacles, and uncommon newness are in store for us. But we will persistently move step by step, gaining experience and

perseverance. The objective is worthwhile." The aspiration of other countries to proceed "in the same direction" is also important on this long path. In this context, the "Latin American factor" is proving itself more and more visibly. The international meeting "The Asian-Pacific Region: Dialogue, Peace and Cooperation" was held in Vladivostok at the beginning of October 1988. The delegations from Mexico, Peru, Colombia and Ecuador that took part in it displayed a keen interest in the Pacific processes and initiatives of the Soviet Union.

Activization of the role of the Asian-Pacific region (APR) in the international arena and the intensification of integration processes involving countries on both sides of the ocean is one of the most conspicuous phenomena in current world politics. The APR is becoming the subject of more and more close attention and the object of various types of studies, assessments, and forecasts, including in Latin America, where the prevailing opinion in government circles as well as among the experts is that the Pacific basin has a tremendous future in the forthcoming 21st century. Thus, a Mexican Department of Foreign Relations statement (April 1988) frankly pointed out that "the Pacific basin region has been called upon to play a fundamental role in the international economic and political restructuring of the next century."<sup>1</sup> An active position and concern for the future of peace and security in the Pacific basin is typical for the governments of Peru and Nicaragua.

In a report prepared by the Pacific group of the Institute of International Research attached to the University of Chile (Santiago) it was stressed that the world is on the eve of "the Pacific era."<sup>2</sup>

### The Starting Potential

The significance of the APR is defined to a large extent by its impressive features. Most of the world's population lives in the more than 30 states situated here. The water area of the Pacific basin itself is equivalent to two other oceans. Vast deposits of minerals are concentrated in the APR. About 60 percent of the world's industrial production and over one-third of the world's trade is here. The USSR, the United States, Japan, and developed countries such as Australia, Canada, the PRC, and South Korea have outlets to the shores of the Pacific. Countries in the region are distinguished as a whole by the dynamism of development and a trend toward increasing mutual cooperation, especially in the economic area; one of the manifestations of this was the establishment in 1980 of the permanent Conference on Economic Cooperation Among Countries of the Pacific Basin (KTES). The concept of establishing a "community of Pacific basin countries" emerged in the early 1970's at the initiative of a group of Japanese and Australian scientists, with the support of government circles in Japan, and has been discussed in various countries and at different levels since that time.

Of the more than 30 countries bordering the Pacific, 10 are Latin American: Mexico, Guatemala, El Salvador, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Peru and Chile, with a total population of 168 million (in the mid-1980's—A. S.). Their coastline on the Pacific stretches for many thousands of kilometers—from Mexico's northern border to Cape Horn. Despite the fact that South America's two largest states—Argentina and Brazil—do not border on the Pacific, they have their own interests in the zone as well.

For all that, Latin America only comparatively recently, basically since the 1970's, has begun to get involved in Pacific processes, to devote closer attention to them, and to begin studying them and making the appropriate decisions. "The Latin American countries are not yet aware that they belong to a Pacific system of states," the report by the Chilean researchers stated.<sup>3</sup> L. Knauth, a noted Mexican specialist on Pacific problems, believes that Latin American states do not have any definitive plans with respect to the Pacific region yet, this, he feels, is largely the result of historical decisions, as well as the lack of public discussions on the possibilities and alternative solutions to the Pacific problems which are emerging before them.<sup>4</sup>

None of the Latin American countries are members of the Conference on Economic Cooperation Among Countries of the Pacific Basin to date. If Japan is not counted, economic ties between Latin American countries and other states in the APR have shown comparatively little development.

The reasons for the later "involvement" of Latin America in Pacific processes, compared with other countries in the basin, are more varied than those indicated by L. Knauth, of course. Indeed, historical factors, it would seem, could objectively contribute to earlier and more extensive development of Latin America's ties with countries on the other side of the ocean. Latin American historians believe that the first contacts between the inhabitants of America and the peoples of Asia took place several thousand years ago when peoples from Asia crossed to the American continent across what is now the Bering Strait, in their opinion.

The Spanish began regular voyages to the Philippines from Latin America in the latter half of the 16th century. Russian seafarers and the Russian-American Company are also given their due in Latin American historiography. "The first attempt to establish a link between Asia and America in the northern part of the (Pacific—A. S.) basin was undertaken by Vitus Bering,"<sup>5</sup> Knauth emphasizes.

After winning their independence, some Latin American republics, such as Mexico, Peru and Chile, established diplomatic relations and began trading with Asian countries. However, these relations were not developed substantially, and later on they were interrupted by world wars.



The long distances and the traditional orientation of Latin American countries to the United States and Europe were responsible for the low level of economic exchange and did not make it possible for Latin America's relations with the countries of Asia, Australia and New Zealand to "be opened up" to the full extent either in the prewar decades or in the first decades after the war.

New prospects and opportunities emerged only in the past two decades; this is largely related to the economic changes which have taken place in the APR, the rapid increase in Japan's economic might, and searches for new markets by both sides.

### The Japanese Factor

Until the early 1970's, Latin America was on the "periphery" of Japan's interests to a certain extent. As the noted Mexican scientist Miguel (Vionchek) observed, with justification, in our view, "Japan's lack of interest in Latin America probably was due to political considerations. Inasmuch as the Latin American continent was considered a political and economic appendage of the United States, the revitalized Japan did not consider it desirable to enter into conflict with the United States in the first stages of its reconstruction."<sup>6</sup>

A "breakthrough" occurred in the 1970's when Latin America held third place (after Asia and the United States) in Japan's foreign trade and capital investments. Comparative figures provide a graphic representation of the changes that took place. Thus, Japanese exports to the Latin American region rose from 304 million dollars in 1960 to 6.555 billion in 1979, with an average annual increase of 17 percent; Japan's imports from there increased from 311 million dollars to 4.517 billion dollars in 1979 (an annual increase of 15.1 percent).<sup>7</sup>

Japan began acquiring the strategic raw material important to it from Latin America—oil, iron ore, nonferrous metals, cotton, and so forth—in larger quantities. In turn, high-quality items produced by Japanese industry, chiefly the electronic, automotive, and radio engineering industries, are coming to the Latin American countries' markets.

In 1985, Japanese direct investments in Latin America amounted to 15.636 billion dollars (as a comparison, they totaled 5.58 billion in 1980).<sup>8</sup> Japan's imports from Mexico and Brazil (Japan's two largest partners in Latin America) amounted to 1,869,855 dollars and 1,840,218 dollars, respectively, in 1985.<sup>9</sup>

Growth in economic relations between Latin American countries and Japan is continuing. Mexican-Japanese trade volume in 1987 increased by 372.3 million dollars over 1986. It is symptomatic that Mexico has a positive balance in this trade. It is not coincidental that the

Japanese ambassador to Mexico, speaking in an interview on Mexican television in April 1988, expressed satisfaction with the results of the development of foreign trade relations between the two countries.

Japanese-Brazilian relations have increased in scope considerably. Japanese capital investments in Brazil totaled about 4 billion dollars for 1988; Japan is in third place in this regard, after the United States and the FRG.<sup>10</sup>

Immigrants—those emigrating from Japan—are playing a substantial role in Latin American countries. At present there are about 1 million residents of Japanese descent in Brazil (Japanese emigration to the country began in 1908) who are making their own contribution in literally all aspects of development in South America's largest state. To a considerable extent, they are linked with the development of the Amazon basin and leading sectors of industry, science, and education. Japanese emigres are particularly conspicuous in Sao Paulo, where, as an example, 16 percent of the students in the local university are of Japanese extraction.

In one of his interviews, Toshiro Kobayashi, president of the Bank of Tokyo, one of Brazil's principal financial partners, stated that the presence of a large Japanese colony in the country was the determining factor for Japanese companies in deciding to "come to Brazil."<sup>11</sup>

A number of other Latin American countries maintain active economic relations with Japan as well. In this connection, the opinion of specialists on the characteristics of these relations is not without interest. For example, we cannot disagree with Mexican researcher Carlos Moneta, who spoke at the symposium "Mexican-Japanese relations from the postwar years to the 1980's" at the Colegio de Mexico in 1983 about the emergence in Latin America of an "autonomous subsystem" of economic relations with Japan.<sup>12</sup>

M. (Vionchek) noted that although these relations are being developed under complicated conditions and have been subjected to the influence of many factors, beginning in the 1970's they have been marked by dynamism and diversification at the same time. "Japan," he wrote, "can turn itself into something larger than a distant seller and customer for Latin America in the years to come."<sup>13</sup> In speaking of this something larger, (Vionchek) mentions the increase in Japanese capital investments in Latin America, the considerable opportunities for their mutual cooperation in different fields, and Japan's considerable interest in Latin American raw material commodities. "In this situation," M. (Vionchek) noted, "Japan needs Latin America more than Latin America needs Japan."<sup>14</sup> This opinion of an authoritative scientist, although it was given in the early 1980's, is not unfounded even today, in our view.

On the other hand, Latin American states, in striving to consolidate their economic independence, are also proceeding to extend relations with Pacific rim countries, primarily Japan, in the search for means of diversifying markets, to acquire advanced technology, and to sell their products.

As far back as 1971 Japan and Mexico exchanged 100 students, and this exchange has continued since then. Each year Mexico accepts 15 to 20 students, who are given special scholarships, from the PRC.

In Chile, the Institute of International Research attached to the University of Chile is engaged in study of the Pacific region. A noteworthy step in this direction was the international seminar "The Pacific Community: Latin America's Role," organized by the institute on Easter Island in 1979.

Chile, which is trying to take an active role in the Pacific basin, maintains contacts with scientific institutions in Australia, New Zealand, the ASEAN countries, the PRC, South Korea, and of course, with Japan. An agreement was signed between (Tukuba) University and the University of Chile under which students take a postgraduate course in international relations in the latter school.

Chileans are also taking part in different commissions and measures of a cultural nature being conducted in the region, such as the Fourth Festival of Art of Pacific Basin Countries (in 1983).<sup>15</sup>

Relations between countries in Latin America and the Asian-Pacific region are complex and involve many plans. Today they are marked by a trend toward growth and extension of the forms of cooperation.

#### The Pacific Community: Pro and Con

Together with trade and economic ties, political relations have been developed between Latin America's largest countries and the Asian-Pacific states during the 1970's and 1980's; mutual visits by government officials are becoming more frequent and interparliamentary and cultural exchange and contacts in the science and education fields are being expanded.

In putting the basic emphasis in our article on the Japanese factor, it is also important to note the definite increase in relations, both economic and political, between Latin American countries and other Pacific basin states. The official visit to Mexico by Australian Minister for Foreign Affairs W. Hayden (September 1984), for example, became important for Mexico's foreign policy.<sup>16</sup>

Mexican Secretary of Foreign Relations B. Sepúlveda paid a return visit to Australia in July 1988.

The Center for the Study of Asia and Africa, which devotes considerable attention to Pacific problems, Japan and China in its work, has been represented on the staff of the Colegio de Mexico since 1964. A Pacific seminar is active at the center. With the support of the Mexican Government, a corresponding project which involves not only scientific research, but exchanges between students, scientists and teachers with Japan, the PRC, South Korea, and the ASEAN countries, has been developed and is in operation.

In connection with prospects for further development of integration processes in the Pacific basin, Latin America's approach and position with respect to the possible unification of Pacific basin countries—the Pacific community—assumes considerable importance for Latin American countries.

Objectively, many factors attract Latin American countries to the concept of creating such an integrated grouping: the foreign trade considerations and the community of interests in this case of "Third World" countries, their common aspiration to bring about fair international economic relationships and for cultural and scientific exchange. In this regard, the desire to turn the Pacific Ocean into a kind of "Mediterranean Sea" is quite natural. But how and under what conditions can a Pacific community be developed and what are its goals? Many Latin American specialists are focusing their attention on these and similar questions. The basic idea in their discussions is that the community should meet the interests of all its participants, including Latin American countries, be based on the equal rights of its members, and rule out any form of domination by certain members over the others. "We believe," L. Knauth points out, "that the determining factor for Latin American countries in any discussion about the viability of a 'Pacific Basin Project' should be the capability of making it coincide with overall national plans..."<sup>17</sup>

In speaking about Japanese-Latin American relations in the context of a Pacific community, M. (Vionchek) noted that considerable complications arise for Latin America in this case; he particularly stressed ones such as the consolidation of Japan's expansion in the region, its effort to pursue primarily its own interests, all sorts of formal obstacles, including legal ones, on this path, and so forth. He stated frankly that the development of economic relations between Japan and Latin America within the framework of a Pacific community will depend "to a significant degree" on the extent to which Japan devotes attention to the large and small problems in this matter."<sup>18</sup>

Chilean specialists note that "in the final analysis, Latin American countries are significantly interested in the opportunities which the Pacific region provides as a potential source for the efficient exchange of the elements of development, peace and coexistence of all countries which form it."<sup>19</sup>

In their report, which is quite bold under the conditions of the Pinochet regime, they note that the Latin American countries do not need international formations which, in the final analysis, would become like the existing ones that reinforce the economic, trade, military-strategic, and political domination of the more developed states.

More specific questions arise in connection with the plan for a Pacific community. In naming them (which countries will make up the community, what should the criterion for membership be, whether the USSR will take part in it, whether the idea of establishing the community serves only the interests of the United States and Japan), Mexican researcher Daniel Toledo believes that there is no answer to these questions yet. The basic reasons for the Latin American countries' restrained, cautious approach to the Pacific plan and the current discussion of it only basically at the level of specialists and scientists are concealed in its goals, which are still insufficiently clear, the obvious danger of predominance by the United States and Japan and the absence of guarantees that its members will have equal rights, and the serious problems which may develop for Latin American countries in the event that their entry into the community is related to the varying level of development of countries in the Asian-Pacific region. The prediction that Latin American countries would be actively included in integration processes in the Pacific basin by the mid-1980's has not proved to be correct yet. But at the same time, they cannot remain outside of these processes, of course.

The Mexican Government was one of the first in Latin America to take a major practical step in its Pacific policy. On 13 April 1988, it formed an interdepartmental permanent Mexican commission on the Pacific basin. The decision to establish it was motivated by the need to diversify the country's international ties, the economic upsurge in the Pacific basin, the growth in relations between Mexico and the states in it, and the necessity of uniting efforts in this direction. The commission, in accordance with the decision that was adopted, should promote Mexico's participation, in a consultative capacity, in the various forums of multilateral cooperation in the region and development of the basic directions to strengthen the country's relations with states in this zone, as well as promote the consolidation of Mexico's political, economic and cultural ties with the Pacific countries.<sup>20</sup>

It was stipulated that the commission will provide for adequate participation by the state and private sectors and the country's federal states which border the Pacific may be enlisted to collaborate with the commission. It also has the right to enlist national higher educational institutions in cooperation. The establishment of an International Research Center on Pacific Basin Matters has been planned.

The importance which the Mexican Government has attached to the commission is attested by the fact that it includes 12 ministers, the Bank of Mexico and the National Bank of Foreign Trade, the National Council for Science and Technology and the national oil company, Pemex, and the fact that the country's president is the head of the commission.

In welcoming this decision by the Mexican Government, EXCLSIOR, the country's largest newspaper, pointed out that more than 70 percent of Mexico's trade is with countries in the Pacific basin.<sup>21</sup>

Latin American countries have also associated themselves with the work of the Conference on Economic Cooperation Among Countries in the Pacific Basin. After Mexico, Peru and Chile acquired the status of observers at its session in Bali in 1983, the delegations of these countries attended all subsequent sessions of the KTES right up to the last one in Osaka (1988). They are also taking part in the activity of a number of working groups which function in the KTES system.

With Latin American countries' current restrained attitude toward the idea of establishing a Pacific community and entering any organizations and blocs associated with it, there is no question that government circles in Latin America will be closely following further development of "the Pacific idea." The participation by Mexico, Peru and Chile as observers at the KTES sessions and in the activity of its individual working groups and Mexico's decision to establish a special commission on the Pacific are obvious steps in this direction.

Prominent Latin American political figures are turning their attention to the increasing importance of the Pacific region. Thus, Mercado (Jarrin), former Peruvian prime minister and minister of foreign relations, in noting the rapid changes in this part of the world, called upon Latin America to be aware of the new realities in the Pacific basin in order "not to remain the poor relation in the new family."<sup>22</sup> He emphasized the need for Latin American countries to make use of all the opportunities which become available in this situation.

The questions of strengthening peace, security and international cooperation are becoming more and more important and urgent, both for all mankind as a whole as well as for Latin American countries in the modern era. Their interest in a positive solution of these problems relates to the Pacific aspects of their foreign policy as well. Prominent Latin American specialists on Pacific matters have been devoting attention to these problems for a long time, and have emphasized the primary responsibility of the two great powers, the USSR and the United States, for the future of peace in all parts of the Asian-Pacific region. "It is quite clear that a realistic policy in East Asia requires that the superpowers devote



their priorities to the goals of ensuring the region's security," Omar Martinez (Legorreta), the noted Mexican diplomat and oriental affairs specialist, noted in 1974.<sup>23</sup>

Speaking at the symposium "Economic Prospects for the Pacific Basin" 6 years later, Mexican researcher D. Toledo, as if he had looked at our times, expressed the opinion that the 1980's are opening a historic opportunity to develop a truly international policy in which a "reassessment of values in relationships with 'Third World' countries" should occupy a prominent position.<sup>24</sup>

"Mexico and the Soviet Union," noted Victor Flores Olea, Mexico's deputy secretary of foreign relations, "are members of the Pacific community and bear a considerable share of the responsibility for peace and security in this part of the world."<sup>25</sup>

In this connection, the Soviet Union's approach to the future of the Pacific region assumes a great deal of importance and significance. The growing importance of "the Pacific factor" in Soviet foreign policy was emphasized in the Political Report of the Central Committee to the 27th CPSU Congress and in the CPSU Central Committee Theses for the 19th All-Union Party Conference. This question was thoroughly covered in the speeches by M. S. Gorbachev, general secretary of the CPSU Central Committee, in Vladivostok in 1986 and in his interview with the Indonesian newspaper MERDEKA in 1987. A special section was devoted to the Asian-Pacific region in M. S. Gorbachev's book.<sup>26</sup> The Soviet Union, it stressed, "supports the establishment in the vast Asian-Pacific region, where the center of world politics will most likely be shifted in the next century, of the foundations for improvement of the situation and a review of relationships, based on consideration for the interests of all states and based on the balance of such interests."<sup>27</sup> The position of the USSR objectively meets both the common interests of peace and security as well as the national interests of the Pacific countries of Latin America, and provides the grounds for extending their cooperation with the USSR and organizing the direct ties which are virtually lacking between one of the richest regions in our country—the Soviet Far East—and Latin America across the Pacific Ocean.<sup>28</sup>

The establishment in March 1988 of the Soviet National Committee for Asian-Pacific Economic Cooperation is also contributing to this process. In a message from N. I. Ryzhkov, chairman of the USSR Council of Ministers, to the participants in its constitutive conference, it pointed out in particular that new forms of cooperation

between the USSR and countries in the Asian-Pacific region should be sought.<sup>29</sup> It appears that this also relates in full measure to Soviet-Latin American relations in the Pacific region.

Discussion of questions related to the extension of cooperation between the USSR and Latin American countries in the fishing, timber, and processing industries, to protect the environment, to establish joint ventures, develop tourism, and so forth could be worthy of attention in this regard, in our view. All these questions, naturally, are related to the need to increase the export potential of the Soviet Far East.

In responding to questions from IZVESTIYA, I. A. Rogachev, USSR deputy minister of foreign affairs, stressed that "we intend to expand economic cooperation with the countries of Asia and the Pacific...., we are prepared to work in the KTES, and we are prepared to participate—and we already are participating in its working committees."<sup>30</sup> Thus one more field for cooperation with Latin America is opened, this time in the committee cited.

Opponents of the idea of the USSR's entry into the KTES set forth an initiative in the spring of 1988, in accordance with which the acceptance of new members in this organization was temporarily discontinued. This step, however, was objectively aimed not only against the USSR, but against those Latin American countries which would have liked to join the KTES.

I. A. Rogachev noted that the Soviet side has specific plans for establishing businesslike contacts with the national committees of the KTES in other countries.<sup>31</sup> In this connection, it seems advisable to organize similar contacts with the Mexican Commission on the Pacific Basin as well, although it is not a member of the KTES. To the extent that direct Pacific ties are extended between the USSR and Latin American countries, new prospects and opportunities will be opened up in them.

Since the times of ancient Rome, the postulate that "The earth divides and the sea unites" has been well known. The Pacific Ocean unites the peoples of several dozen states that have been linked by historical, economic and cultural ties.

The features of the historic destinies of the peoples living here and their cultural originality, political experience and economic potential can serve as a stable foundation for building new and just relationships in this region. The near future will demonstrate the extent to which solution of the region's numerous problems is realistic and acceptable for all participants in the Pacific processes. But precisely such an approach, the balancing of interests which are incompatible at times, is in a position to open new horizons of cooperation and consolidation of political and economic sovereignty for the states of Latin America.

Footnotes

1. DIARIO OFICIAL, Mexico, 15 April 1988.
2. "The Perceptions of Latin America in Relation to the Pacific Basin: Evolution and Prospects," Santiago de Chile, 1985, p 2.
3. Ibid., p 2.
4. L. Knauth, "Una expansi3n singular: el Pacifico y su incorporaci3n a los procesos de la historia mundial" [A Unique Extension: The Pacific and Its Incorporation into the Processes of World History], Mexico, 1987, p 12.
5. Ibid., p 8.
6. ESTUDIOS DE ASIA Y AFRICA, Mexico, 1982, No 3, p 321.
7. Ibid., 1983, No 4, p 576.
8. "Latinskaya Amerika 80-x godov. Inostranny predprinimatelskiy kapital" [Latin America in the 1980's. Foreign Enterprise Capital]. Moscow, 1988, p 174.
9. "International Trade Statistics Yearbook, 1985", New York, 1987, p 550.
10. EXCLSIOR, Mexico, 12 May 1988.
11. Ibid.
12. ESTUDIOS DE ASIA Y AFRICA, 1983, No 4, pp 564, 574.
13. Ibid., 1982, No 3, p 325.
14. Ibid., p 330.
15. "The Perceptions of Latin America...op. cit., p 24.
16. "Mexico and Australia. Record of the Official Visit by Secretary of Foreign Relations William Hayden," Mexico, 1984.
17. L. Knauth, op. cit., p 12.
18. ESTUDIOS DE ASIA Y AFRICA, No 3, 1982, p 337.
19. "The Perceptions of Latin America...op. cit., p 27.
20. DIARIO OFICIAL, Mexico, 15 April 1988.
21. EXCLSIOR, 26 April 1988.
22. DEFENSA Y SOCIEDAD, Buenos Aires, No 1, 1988, p 71.
23. ESTUDIOS ORIENTALES, Mexico, No 3, 1974, p 267.

24. ESTUDIOS DE ASIA Y AFRICA, No 3, 1980, p 435.
25. Quoted from: MEZHDUNARODNAYA ZHIZN, No 1, 1987, p 31.
26. M. S. Gorbachev, "Perestroyka i novoye myshleniye dlya nashey strany i dlya vsego mira" [Restructuring and New Thinking for Our Country and the Entire World], Moscow, 1988, pp 187-191.
27. Ibid., p 187.
28. For details on the potential of the Far Eastern economic region of the USSR, see: A. Sonin, "The USSR and Countries of the Asia-Pacific Region" Prospects for Mutually Advantageous Cooperation," VNESHNYAYA TORGOVLYA, No 6, 1988.
29. PRAVDA, 26 March 1988.
30. IZVESTIYA, 14 June 1988.
31. Ibid.

**'Countertrade' as Latin American Foreign Trade Strategy**

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in Russian No 11, Nov 88 pp 23-31

[Article by V. N. Karpunin and B. G. Fedorov: "What Is New in the Practice of Developing Foreign Trade Operations"; first three paragraphs are editorial introduction]

[Text] The large-scale economic reform under way in our country, the Law on the State Enterprise (Association), the Law on Cooperation in the USSR, and other legal acts and decrees of the party and the state are opening up broad prospects for revitalizing the foreign economic area and developing new forms of economic ties with our partners.

Touching upon the changes in this area, M. S. Gorbachev noted at a meeting in Krasnoyarsk: "This will make it possible—with the desire of our neighbors and the more distant states—to jointly weave a fabric of economic, scientific and technical, cultural, ecological and other relations that is not only durable, but fine..." With the aim of dynamizing foreign economic relationships, measures are being studied to establish a "preferential system" in regions of Siberia and the Far East which provide in particular for a substantial expansion of foreign trade operations on a qualitatively new basis.

In devoting continued attention to these problems and proceeding from the need to study and assimilate the positive aspects of foreign practice, the editorial staff offers its readers an article on the new forms of foreign trade operations which are being utilized by Latin American countries.

Foreign economic relations play an exceptionally important role in the economic life of Latin American countries. The volume of their foreign trade operations increased from 102 billion dollars in 1977 to 161 billion in 1987.<sup>1</sup> Exports from states in the region made up an average 15 percent of their GNP in the mid-1980's—as much as the proportion for one of the largest exporters in the capitalist world, Japan.<sup>2</sup>

However, the intensifying instability of international commodity markets as the result of structural reorganization of the economy in developed capitalist countries, aggravation of currency and financial disorder on the periphery of capitalism, and the worsening economic problems in the Latin American countries themselves are inflicting serious harm on their economic interests. In striving to compensate for the growing disproportions and increase the influx of convertible currency, states in the region are looking for new forms of foreign trade operations which make it possible to insulate the economy to a certain extent from the fluctuations of world prices for basic export commodities and to secure export revenues and import payments against the sudden changes in rates of exchange and other unfavorable foreign phenomena. Barter operations are one of such new forms. They have been widely extended in the 1980's and today hold a prominent place in foreign trade relations.

...

Barter transactions, or countertrading, as they call them in the foreign literature, in their most common form are a type of foreign trade operation in which the delivery of commodities from one country is either fully or partly counterbalanced by the delivery of other commodities to their partners. At the present time, the term "countertrading" covers various operations or their combinations. According to GATT estimates, Latin American countries are now involved in about 8 percent of the total volume of barter transactions in the world.<sup>3</sup> In absolute amounts this is 30 to 60 billion dollars, that is, one-fourth to one-third of the continent's overall volume of foreign trade.<sup>4</sup> Countertrading, including in intraregional trade, is being successfully practiced by Brazil, Argentina, Colombia, Costa Rica, Cuba, the Dominican Republic, Guatemala, Guyana, Jamaica, Mexico, Peru, Trinidad and Tobago, Uruguay and Venezuela.

Barter operations on an intergovernmental level, based on bilateral agreements on commodity turnover and payments, are in widespread use in the region. Such operations ensure the stability of commodity deliveries and conditions that meet the interests of partners' economic development. The sale of plants and technology with payment over a prearranged period (a lengthy one, as a rule) for producing the output is especially attractive in this sense. Clearing agreements, which mean barter based on delivery volumes, lists of specific commodities, and so forth that were stipulated in advance, are in wide use as well. So-called "offset" operations, which are

applied in the purchase of particularly complex and expensive commodities, are encountered. They provide for investments stipulated by agreement in the importing country. Private Latin American firms engage in the so-called "commercial" forms of countertrading; they have a shorter term than those cited previously.

Commercial barter operations are subdivided into [pure] barter and compensated operations. [Pure] barter operations are merely an exchange of commodities without any subsequent financial accounting. This form is now being utilized relatively infrequently. In the compensated form, the sides produce a final accounting in monetary form. This method is attractive because the exporter has the opportunity to transfer the commitment to purchase to a third person, and not only two, but several contractors can take part in a transaction for this reason. So-called counter-purchases—commitments to purchase (or ensure purchase by a third party) certain commodities in a specific relationship to one's own export deliveries—are becoming more and more widely used. The forms cited do not exhaust the diversity of barter transactions. New forms which meet the specific internal requirements and the foreign market conditions to a greater extent make their appearance each year in Latin American countries' foreign trade.

Exports from the region include mainly agricultural products and raw material commodities. However, the deliveries of nontraditional industrial commodities are being expanded. Machine tools and other products of machine building and the chemical industry, oil and petroleum products are moved in the opposite direction. The last item holds a particularly large place in the countertrading of Latin American countries, since some of them are major consumers and other are basic suppliers of oil.

It is obvious that in the imports area, Latin American countries seek to acquire foreign exchange commodities on a barter basis (mainly oil) in exchange for their products and in the exports area, they seek to promote primarily local finished items in the foreign markets.

The main economic factors which predetermined the rapid increase in barter operations in the region are associated with Latin American countries' deteriorating position in international markets. The revival of the economy in the United States and other capitalist states that are the main importers of their goods has not brought the continent relief from the burden of the problems that have accumulated. Under conditions in which there is a critical shortage of foreign exchange, the customary forms of trade based on the buying and selling of goods with a subsequent accounting in freely convertible currency have become more and more difficult to carry out, and a direct commodity exchange without the activation of purely financial mechanisms is the most suitable form.



Apart from the advantages indicated, countertrading provides Latin American states with the opportunity to avoid certain protectionist barriers and to penetrate new markets, often with new, promising commodities. The coordination of export and import volumes which is widely applied in such barter makes it possible to reduce the deficit in trade balances or to avoid it altogether, and consequently, to reduce currency reserves. It is important to point out one more condition of no small importance: countertrading is easily applicable in those Latin American countries where the economic positions of the state are strong. After all, this form of trade assumes legalization of transactions basically in the intergovernmental market.

#### Certain Barter Transactions by Latin American Countries With Oil in 1984<sup>5</sup>

Oil Supplier	Recipient	Counter-purchase	Sum, in millions of dollars	Quantity, in barrels
Iraq	Brazil	Arms, construction materials	—	23,000
Nigeria	Brazil	Petroleum products	500	110,000
Nigeria	Brazil	Paper, sugar, steel	—	40,000
Venezuela	Brazil	Sugar	147	—
Venezuela	Caribbean countries	Local commodities	—	30,000
Mexico	Venezuela	Repayment of debt	—	100,000
Malaysia	Brazil	Iron	30	40,000

It is characteristic that countertrading is being extended more and more in the credit field. This is fundamentally important for countries in the region, inasmuch as it will make it possible to ease the foreign debt burden. This problem, incidentally, has given rise to international transactions for the exchange of debts.<sup>6</sup>

Operations to repay the foreign debt with traditional export goods, which are becoming more and more widely utilized, are also of definite interest. In this way, countertrading firms bypass "the creditors' club" by multilateral barter with the involvement of the banks concerned. Thanks to these transactions, it becomes possible to reduce the level of the foreign debt as well as to expand the commodity exports of debtor countries. Brazil, Peru, Argentina, Uruguay, Costa Rica and Mexico are displaying particular interest in operations of this type.

So the advantages of countertrading as forms of international trade exchange are obvious. More and more new countries are joining the barter operations today. It is also apparent that development of this form was dictated primarily by the impasse which took shape in the early 1980's in the foreign economic sector of Latin American

states, as well as the developing world as a whole. Thus, one of the continent's leading businessmen has noted: "Countertrading is a normal response to an abnormal economic situation. It will disappear as soon as the developing countries resolve their balance of payments problems. But in the current slow pace of resolving the debt crisis, we can expect that countertrading will continue to exist for years to come."<sup>7</sup>

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Brazil is the recognized leader among Latin American countries in the development of barter operations. A special program aimed at increasing exports, ("Befix"), has been operating in the country for the past 12 years. In the opinion of Brazilian business circles, the trend toward further development of countertrading is being maintained.

The range of these operations is quite broad, but barter is especially active with neighboring countries. As far as contractors outside the region are concerned, the basic oil suppliers are singled out here—Angola, Nigeria, Iraq and other countries in the Middle East and North Africa. A number of developed capitalist states and China are important partners in countertrading with Brazil.

Oil occupies the basic position among the commodities involved in barter operations. Not only the traditional export goods—coffee and other agricultural products, but machinery and equipment and other technology are being sold in exchange for it. In 1984, for example, Volkswagen automobiles made in Brazil were sent to Iraq in exchange for oil. In the same year, the largest contract (totaling 500 million dollars) was signed with Nigeria for the delivery of oil in exchange for industrial commodities. Owing to this transaction, Brazil obtained a stable source for oil and a guaranteed market for the sale of exported goods for the year.

The government intends to include complex forms of technology such as aircraft among the commodities being actively utilized in countertrading. New markets are being won through countertrading: one of them, in particular, is the countries of Southeast Asia, which are being sent large consignments of nontraditional commodities—tractors, steel pipe, paper, and chemical products—in exchange for natural rubber and oil. Brazil is also opening the way to markets in developed capitalist countries, chiefly Japan and the Scandinavian states. In the near future, it intends to expand its purchase of oil on a barter basis by bringing the proportion of such deliveries up to 50 percent of its overall requirement for imported fuel, which will enable it to save up to 3 billion dollars annually in foreign exchange.

Although Brazil resorts extensively to the services of Western firms in carrying out its barter operations, a number of domestic companies are operating successfully in this field. The largest one is the trading firm (Cotia commercio exportacao e importacao S. A.), which handles the basic volume of countertrading with developing countries and many transactions with developed capitalist countries.

Priority is being given to the conclusion of long-term clearing agreements. They are being actively utilized in trading operations with socialist countries, particularly with Romania, Hungary, Bulgaria and the GDR. Trilateral operations, noted for their greater flexibility, are being utilized more and more extensively. For example, the state mining company (CVRD) sent Romania iron ore with the participation of the Brazilian state firm Interbraz, which purchased industrial items in Romania and sold them in the markets of third countries. The foreign exchange acquired paid for the exported ore.

As already noted, the emphasis is being put on intraregional trade and preference is being given to compensatory agreements. The volumes of transactions are relatively small at present, but Brazilian official and business circles express the hope that this area of business will grow rapidly with the assistance of the LAI [presumably: Latin America Integration Association, ALADI] and broader involvement in countertrading by the major industrial and trading companies of neighboring countries. Successful new steps are already being taken in this direction. A transaction has been concluded under which the Brazilian branch enterprises of General Motors will deliver a consignment of motor vehicles to Venezuela in exchange for spare parts. The development of intraregional cooperation such as this unquestionably will substantially facilitate a solution of the Latin American countries' economic problems.

At the same time, Brazil and other Latin American countries are encountering certain difficulties in the countertrading field. Many of them are related to the fact that in countertrading, when there is a sharp change in the price of one of the commodities which affect the counterdeliveries, the contract may become unprofitable to one of the sides (the contracts usually stipulate a single price for commodities for the entire delivery period). A graphic example of this was the "sugar for oil" barter transaction concluded between Brazil and Venezuela in 1983. After the price for sugar on the world markets dropped, Venezuela canceled the agreement, since it became unprofitable to sell oil under these conditions. Considerable difficulties arose in Brazil for the same reason because of a sharp decline in the prices for oil in early 1986, which forced it to revise a number of barter agreements concluded previously. At the same time, the Brazilian side seldom undertakes such radical steps, realizing that they will lead to a reduction of their own exports.

Certain problems also arise when the stability and precise times for deliveries cannot be guaranteed. This particularly applies to the barter operations with Iran and other countries in the Persian Gulf. Thus, oil deliveries to Brazil often were disrupted because of the protracted Iran-Iraq war, which forced Brazilian firms to cancel a number of transactions and turn to other suppliers.

Unlike Brazil, Mexico and Argentina (they also have the largest foreign trade turnovers in the region) do not practice countertrading on such a broad scale. With respect to Mexico, this is explained by the fact that the basic volume of its foreign trade is with the United States, which regards countertrading from a sharply negative position. As far as Argentina is concerned, the traditions of the past, when the country could easily acquire the necessary foreign exchange by delivering meat, grain, and other traditional export commodities to the foreign market, are still strong there.

Peru and Caribbean states—Guyana, Jamaica, Surinam and Cuba—are actively developing barter operations. Under conditions in which there is low demand abroad for the products exported from these countries, a shortage of foreign exchange and relatively high foreign debt, they see countertrading as one of the basic means of expanding exports. The geographical range of barter operations is quite extensive, but the basic volume is in intraregional trade.

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The development of international barter operations has led to the emergence of new conflicts between the centers of the world capitalist economy and its periphery. The point is that countertrading gives its participants the opportunity to avoid the capitalist states' control over international commodity markets and makes pressure ineffective from the West's international economic and financial organizations—the IMF, the OECD and GATT, which are stepping up their interference in developing countries' internal affairs under the pretext of worsening financial problems. For this reason, it is not surprising that these organizations and the governments of states in the West have given a hostile reception to the rapid development of countertrading on the Latin American continent, fearing that bilateral barter operations to avoid the "free" commodity markets will undermine the complete domination of international financial capital in the area of international trade. It must be kept in mind that this form of operating is considerably more difficult to control, since it goes outside the limits of the traditional legal standards of international trade. The United States, for example, is expressing the fear that barter operations may undermine the foundations of GATT.

The developed capitalist states have begun a propaganda campaign to intimidate the developing countries with the problems that "inevitably arise" in this case. For example, it is being maintained that countertrading is potentially dangerous for international trade, for it conflicts with the principles of free buying and selling and deprives pricing and the process of barter itself of an objective economic basis. They link this with the threat of widespread dumping, uncontrolled exclusion of traditional suppliers from markets, and so forth. Finally, they

are trying to show that the use of barter operations hampers the solution of the young states' urgent economic problems, since countertrading does not bring in any real currency earnings.

The IMF and other economic and financial organizations in the West are exerting more and more pressure on the Latin American states in order to compel them to reject the practice of barter. The debtor countries are obliged to earn foreign exchange, they say, in order to pay their debts. Pressure also is being stepped up from a number of developed capitalist states, primarily the United States. Washington, for example, has made official representations to Brazil and Mexico in connection with the encouragement of barter operations by these countries.

Some of the drawbacks of countertrading that have been mentioned really exist, but the experience of Latin American and other developing states attests to the fact that the use of barter operations in a given stage is justified. The actual advantages which this form of foreign trade exchange gives to the Latin American countries are often more important than its theoretical shortcomings.

Unlike official circles, private firms in the West, fearing that they will lag behind their competitors for markets, have been forced to engage in countertrading with the developing states. At the same time, it is being taken into account that Latin American countries' own major industrial, trading and financial companies have been emerging, and they are already conducting barter operations independently, threatening Western monopolies with the loss of part of their profits. It is characteristic that the United States, which officially condemns countertrading, is resorting to it at the same time to push products which are not in demand through foreign markets. Banks and other firms concerned have been authorized to establish specialized subunits to speed up foreign barter. And the latter are sparing no efforts in their attempts to seize control over international barter operations. Associations and organizations of the "Countertrade Club" type, which specialize in countertrading, are being established in the FRG, Belgium, Austria, Switzerland, the United States and Great Britain. The majority of them belong to the Federation of International Traders in Zurich, and certain developing countries have been compelled to join it.

It should be acknowledged that the efforts of the developed capitalist countries are not being made in vain. They are succeeding more and more in putting the barter operations of Latin American countries under control with Western firms, for example. Commercial banks, which have an extensive network of branches, affiliates, and representations on the Latin American continent at their disposal, are being more active. They have accomplished a great deal in computerizing operations, which

is important in the complicated multilateral countertrading combinations. In addition, the West's credit institutions have huge amounts of data at their disposal on the credit risk of the countries and firms and potential buyers and sellers, and they have a great deal of experience in granting export credit and conducting complex financial operations. The specialized subunits of banks in the United States are operating with particular aggressiveness in the field of countertrading. For example, Citibank is attempting to monopolize the barter business in Mexico through its countertrading department.

Vieuna and London are gradually becoming the centers for such transactions. The developing countries, in attempting to extend countertrading with the developed capitalist countries, have been compelled more and more often to resort to the services of firms and banks based in these very centers.

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Unlike the West, the socialist countries see countertrading as an important form of extending and increasing the effectiveness of economic cooperation in their foreign trade relations with states on the continent. Brazil, for example, has stable foreign trade relations based on clearing agreements with several CEMA member countries.

The development of countertrading with the Soviet Union provides Latin American countries with a considerable number of advantages: first of all, currency reserves are saved, and the deliveries of needed commodities are provided for under favorable, mutually advantageous conditions. On the basis of barter transactions, the USSR guarantees states on the continent stability in the purchase of their export commodities, including those produced at enterprises built with the Soviet Union's assistance. In exchange for the commodities received from Latin America, our country provides various kinds of economic and scientific and technical assistance in building industrial and other projects. An important condition for states on the continent is the fact that commodities are valued in rubles in a number of barter agreements with the USSR, which enables our contractors to avoid losses from changes in capitalist rates of exchange.

In its foreign trade relations with Latin American countries, the USSR strives to take their vital interests into account as much as possible. Thus, under conditions in which there is low demand for raw material commodities, which many of the continent's states supply, the latter, by selling raw material to the Soviet Union in exchange for industrial products, acquire the opportunity in a number of cases to sell them in third countries for foreign exchange. Expanding the volume of barter operations with developing countries also meets the



interests of the USSR, for a certain part of our requirements for raw materials and consumer goods, and lately, machinery and equipment, is being met through countertrading.

The socialist countries hold very firm positions in the countertrading field: a significant proportion of trade turnover is in this area. Development of this form of foreign economic relations in a given stage meets the interests of the partners' economic development. In this connection, the task of coordinating the activities of countries in the socialist community to increase the effectiveness of countertrading and thereby promote the export potential and diversification of foreign trade relations is becoming a more and more pressing problem.

#### Footnotes

1. IMF, "World Economic Outlook," Washington, April 1985, p 242; April 1988, p 150.
2. Calculated by UNCTAD. "Handbook of International Trade and Development Statistics," New York, Supplement, 1985, p 4.
3. FINANCIAL TIMES, London, 14 February 1986.
4. Foreign statistics do not provide precise information on the volumes of barter operations, and the estimates vary within very broad limits for this reason.
5. Compiled by: FINANCIAL TIMES, 1 February 1985.
6. For more details, see: LATINSKAYA AMERIKA, No 4 1988, pp 29-33.
7. JOURNAL OF COMMERCE, New York, 20 January 1986.

#### Unity of Leftist Forces Discussed, Part II

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in Russian No 11, Nov 88 pp 32-58

[Second of a three-part series with discussion participants Yu. N. Korolev; A. F. Shulgovskiy; Ya. G. Shemyakin, candidate of historical sciences, ILA [Latin America Institute]; V. P. Totskiy, candidate of historical sciences, Tula Pedagogical Institute; and A. V. Kuzmishchev, International Workers Movement Institute: "Leftist Forces: Unity and Diversity"; Part I appeared in JPRS-UIA-89-002 30 Jan 89]

[Text] Yu. N. Korolev:

#### The Adequacy of the Plan or the New Left

The historians present here, I think, share my viewpoint: the historical concept of "leftist forces" meant one thing yesterday, but today it is largely different. What is the current meaning of the term "leftist forces?" There were

discussions on this question in Western Europe in the late 1960's and early 1970's, especially in France, and there were dialogues in which "internationalists" and "nationalists" took part. By the end of the 1970's the discussion reached its culmination. This does not mean that Latin America has lagged behind in this sense. In the early 1970's it posed the question not theoretically, but practically, that in general is characteristic of it in the context of world development. The question was not raised here as it was in Western Europe. While there they attempted to meet the challenge of the traditional model, in Latin America it was the lack of a model—a dynamic, positive model for getting out of a crisis within the framework of capitalist development. And in this connection I think that the historical period of unity of those leftists that came to power in Chile has been passed through and completed. The Chilean revolution was "broken" on the transnationals—on their resistance and lack of understanding of the leftist forces and why they offer resistance, although they are "compensated" by nationalization. Now, in the 1980's, the question of the leftists is different, and the question of unity is on a completely different plane than it was during the Cuban Revolution or in Chile.

The leftist, socialist, revolutionary-democratic plan for those years was shaped within the framework of the national model. All the bourgeois plans for development also took shape within the framework of national solutions. And the national plan of the leftists resisted the most advanced bourgeois plans in a worthy manner. But from the moment when all the bourgeois-national plans moved into the sphere of what were the outdated plans of yesterday, from the viewpoint of capitalist development, and an international plan for development was moved to the forefront which gradually won (from a condition of complete unpopularity) the support of the people, the leftists' plan became an alternative to the already rejected and reactionary bourgeois-national plan; it does not even attempt to compete with the most aggressive and offensive plan—the transnational plan. So it is seriously out of the game.

But in the transnational sector a new, democratic left has been created; it is not yet understood, not recognized, and its contact with the national left is almost invisible. But in their combination an effective national democratic plan should emerge. It is impossible on the paths of a revolutionary coup; its logic is a search—a difficult search within the framework of the growing opposition to transnational capital.

But it cannot be forgotten that any particularly nationalistic social plan is reactionary from the viewpoint of the economy. The crisis of the 1980's and transnationalization gave a new slant to this. The transnational plan gained the upper hand and the transnational vision of the future now is held by the ruling class and inevitably, by a substantial part of the population. Any victorious social phenomenon has a colossal influence on all civilization and the public opinion of the entire world. The

leftists today need a more international approach to the phenomena, and then to "grounding" them and defining them within a national context. Of course, there can be nothing international without the national, and for that reason, strictly speaking, it is also inter-national, that is, it implies the presence of an adequately understood combination of national values. It is possible that a certain minimum exists for the level of a nation's development from which the need and inevitability of inter-relationships and strengthening interdependence become insurmountable and enter the everyday life of social relationships. Perhaps we have come to this...

The crude, even barbarous, plan of transnationalization has taken and "torn out" of the economies of all countries what is the most advanced, the most efficient, and the most capable of life and united them on a worldwide, transnational scale. In a certain sense, after bleeding the national economies white, plundering them, and reducing them to the margin. Societies emerged with a local national economy and national consciousness as well as a transnational economy and transnational consciousness. In the "national society" no less than 70 percent of the population is reduced to the margin, and we can regard only 10 to 20 percent as being covered by the transnational sector. What distinguishes the transnational sector? Wages here are 7 to 10 times higher than the average for the country, and labor productivity is also 7 to 10 times higher... This is not a workers aristocracy; completely different processes are involved. But the workers in this sector now do not support a national conception of society's development. However, I repeat that a new democratic left exists in this environment as well. Moreover, I think that part of the social and political base went there from the proletarian parties. There are data on the "destruction" of the trade union movement... The communist parties, where they have been strong in Latin America, have relied on the trade union movement. But where they have not had this opportunity, they have not had influence, either. In Latin America there are no communist parties (in any case, I cannot recall any) which would have been strong without relying on an organized trade union movement. When the trade unions were undermined, the social base of the communist parties was undermined as well.

Do you realize what a curious thing is taking place? While in the 1960's and 1970's we raised the question of a socialist revolution in Latin America, we really saw that the material base of a society of medium development is ready for socialist construction, in any event, in accordance with the historical criteria which we have available. But we were not the only ones that raised the question this way. There was not one mass political party which did not advance a socialist slogan. It is not important that it was not scientific-socialist, it was Christian socialism, national socialism, and so forth, but without the socialist slogan it would have been impossible for it to take the masses with it. And this objectively reflected the ripeness of conditions for a socialist revolution. Something completely different is taking place

now: it is difficult to advance socialist slogans now. In the past 7 or 8 years, 10 countries have made the transition from dictatorship to democracy, and truly socialist slogans have hardly been heard. And there is no real revolutionary democratic alternative at all. And there is only a democratic alternative with a strong nationalistic mood.

A situation has emerged in which social democracy is formed as a force doomed to be the vanguard of new social processes. In this connection, the question of the leftists arises in a new way in many respects, it seems to me. The persistence of part of the leftist forces, even after certain successes in achieving unity, in an immediate socialist alternative and socialist revolution based on a national economic model gives rise to strong irrational tendencies in the society. I think that the reasons for such phenomena as "Sendero Luminoso" are concealed in this; perhaps this is coming closer to totalitarian danger in some new shapes. Fascism never was a phenomenon of a leftist movement, but ultimately it was able to become a force because of the false claims of the leftist movement and because their historic task was not set adequately.

I think that we need to reject our usual definition, our customary formulation of the concept of a "vanguard." A vanguard, it seems to me, is that political force which has a definite social base and which really leads a society forward. Really. You will not inspire enough persons with progressive slogans alone. For this reason, the concept of a vanguard requires a very specific analysis in each country.

Maydanik reaffirms the necessity of plurality and equal rights among leftists, which I agree with completely, for there is not one decision that is brilliant in its simplicity and completeness, there are only leaders who believe that this is so. At the same time, Maydanik's statement is based on the criterion that the leftists are right if their activity leads to a victory. And unity, strictly speaking, is needed precisely for this, that is, the thesis is established that victory is first, and later—we shall see.

I believe that victory is not always needed in the sense of seizing power. It is necessary only when you know what to do with it, as Lenin did on the eve of the revolution: "There is such a party!". I am not speaking about defeat—the great teacher. But simply opposition—it is a remarkable thing and it is not properly understood—on a creative level—by leftist forces for whom this principle has applied for a long time: either all or nothing, either power or struggle against all the lines of the government. A political party cannot help but "seek" power—it is also created for this. But what is current for the leftists, in my view, is something else. Latin America is now going through a period which we can compare with one that Lenin spoke about: while a democratic revolution is led

by the bourgeoisie, the preparation of a socialist revolution will require prolonged work from social democracy. In the historical sense, the democratic revolution has already taken place in Latin America, and it was led by the bourgeoisie...

Today the leftists are divided into the "nationally oriented" and the "internationalists." Any union of them would be internally eclectic. Such a union can seize power, but it is not in a position to "build."

The next question: what is the essence of the national-democratic plan? It is primarily the restoration of the national economy, the introduction of broad social programs, the democratization of society, and searches for regulation of the national marginal and transnational economies, that is, it is a complex of national-democratic, reformist, or stated better, the democratic reforms. Societies have become so economically and politically complex that in Latin America it is difficult to imagine an authoritarian government which can find a plan that is adequate for the goals of developing such a society. It could result in a monstrosity. The most active participation by the most diverse forces, as much democracy as possible, and as many alternative plans for development as possible are required. And of course, when there is such a vast number of plans, understanding of their inevitable variation—and implementation in turn of everything viable in all the plans—is necessary. The search for a common, unified plan is natural and the aspiration of leftist, democratic and conservative forces to achieve unity is natural.

Modernization of current production relationships has been a response to their crisis, linked not only with the new accumulations of capital and not only with aggravation of the contradictions within the historically shaped system of the different production methods, but—together with these that have been mentioned—with the sharp intensification of the basic contradictions between the rapidly increasing pace of productive forces within the framework of the NTR [scientific and technical revolution] and the old structures of state monopoly capitalism which are impeding them. There was a serious crisis in structure; a major event of historic significance; a crisis in production relationships rapidly shaped a revolutionary situation; and here and there it was also shaped to the extent that a ripe subjective factor was resolved in revolutions (the Cuban, Chilean, Grenadian, and Nicaraguan revolutions). Events began to take on a common regional character.

The response to the crisis by the ruling class was global in nature: precisely because this was a reaction to revolution. In the area of the economy it was aimed at the elite of the ruling class: it was to create a more efficient type of production than before; and modernization assumed the forms of transnationalization.

In the area of socioeconomic relationships, the state, which was called upon to find new forms of regulation, became its objective. In the area of strictly social structures, the reforms also were aimed primarily at revealing the elite of the hired workers—corresponding to the elite of the ruling class—and recruiting it for new production relationships. The social objective was the rooting of different groups of hired workers with dissimilar requirements in order to undermine their unified (primarily economic) platform. The political goal became the atomization of nonparty mass organizations and the leftist political movement, and a reduction of the historical social level of contradictions from those between classes to national-democratic contradictions.

It is characteristic that a plan for social development that is really modernizing and looks ahead is never understood and supported right away by the majority. One of the very first signs that the model being proposed costs something is the negative attitude toward it among broad sections of the population. With all the apparent paradoxicality of such an assertion, it also naturally results from the very conditions for the emergence of what is new, on the whole.

It often happens that the neophytes in modernization are easily carried away and are too much in a hurry. They demand that society recognize, immediately and once for all, that their version of development is the best and the definitive one. But their plan is abstract. The people's conservative opposition to modernizing plans is not only explainable from a social and psychological point of view, but it is useful from positions of social progress and the interests of the modernization plan itself. Important historical finds of the people which have accumulated in the course of evolution become fixed in this opposition; they do not have to be discarded; this is remarkable and necessary experience which the ultrareformers often do not understand, do not recognize, and hold in contempt. The plan itself develops muscles and is filled with substance in such counteraction; at first it is unavoidably sketchy—it is still only a skeleton which has to be "covered with meat." But this unified plan should be developed as a sum (even if a preliminary one) of all social experience and the selection and synthesis of all the possible versions.

I am saying that it is not obligatory to take power tomorrow and at any price if there is no clarity about what to engage in later on and if there is no confidence that your allies understand you. When power is in your hands, it is a great temptation to believe that only you are infallible, and though they do not support you today they will understand tomorrow and history will justify it. It does not happen this way. Even with the best motives, authoritarianism leads only to Bonapartism, and a dictatorship is incapable of finding answers that are adequate in complicated situations. It is very likely that there have been no cases in history when dictatorial regimes (essentially authoritarian ones) would not have come to power in one form or another after the victory of



a revolution in some stage of its development, whether they were the English revolution or the great French bourgeois revolution or the socialist revolutions in Russia, China, or any other country. This tendency can be corrected in time to the extent that the conscious (subjective) factor in a revolution plays a larger and larger role not only in the stage of the struggle for power, but in the constructive phase of the revolution as well.

Leftist parties, which have considerable historical experience, should "calculate" the future of a revolution.

In this sense, I see a way out on the path of the "social-democratization" of a popular movement. I do not put into this concept the meaning that has already become customary (the path of Western Europe must be repeated, they say), but another one: the regeneration of the revolutionary and creative potentialities of social-democracy as a fusion of socialist currents in which Marxism plays the role of the leading doctrine (if it wins and deserves it). And it seems to me that this is not a Utopia or an abstract dream, but a version based on Latin American realities. I think that we still lack a true understanding of the essence of this phenomenon—Latin American social-democracy. Effective scientific efforts are needed here.

Exposure of the socioeconomic basis and foundation of social-democracy in Latin American countries is useful in that it removes the widespread and one-sided view that the phenomenon of social-democracy was introduced in Latin America from Western Europe and that it was cultivated in Latin American soil. In point of fact, a thoroughly developed social-democratic doctrine (with all its heterogeneity and contradictoriness that are continuously being noted) found "soil" that has been well broken up in the 1970's and 1980's in the form of mass democratic parties that are supported in particular by strong trade unions of hired workers.

And what is even more important, the social democratic movement in Latin America is acquiring original features, which make it possible to speak of its complete doctrinal and historical independence, although with an obvious "unified root" that has a class nature. It should be added to this that Latin American social-democracy is not repeating the social and historical route of the European version. Its substance is defined both by distinctive national features and the international factor. Latin American social-democracy is taking an active part in the searches which this entire international movement is now concerned about and which in a surprising way finds effective answers to many of the burning issues of the day.

The social democratic movement was built in the 19th century on three basic postulates: the political power of the working class; the ripeness of economic prerequisites for socialist construction (until they were established, the building of socialism was impossible even with the political victory of the proletariat); and the formation of

a broad interclass union of popular forces which makes it possible to ensure the continuity of civilization's achievements (cultural, scientific and technical, moral, artistic, and so forth). With the emergence of monopoly capital, and especially the creation of GMP [state monopoly capital], the gap is widened between the two basic orientations: those who have made the factor of power absolute and those who have believed that gradual socioeconomic reforms would ensure the advent of just social relationships. But history took its next turn, and in the new stage there is the objective opportunity and necessity for a new unity of all the basic trends of social-democracy, their creative combination and integration and indivisible amalgamation. And this is what the new social-democracy will be.

In Latin America, the construction and formation of social-democracy have acquired their own features, distinct from the European ones. The heat of political struggle is higher here and the clash of opposing forces is more vicious; the demand for unity is high and it is very difficult to ensure it; but because of the presence of a great many contradictory aspects in the process, the need to resolve the question of power is more clearly apparent; this factor is psychologically resolved more simply than in Western Europe, because it is continually on the agenda and because not only the different forces of progress, but the forces of obvious reaction as well, are close to the power. The new social-democracy may be flourishing here at a faster pace, compared with Europe.

However, along with this, capitalism's forces of modernization, which are opposed to the neosocial-democratic directions, are being concentrated in Latin America. They often predominate and retain the initiative; the forces of rebellion, which do not always find constructive forms of resolving the problems of social progress, rise to counterbalance them; and at times they lead up a blind alley.

A basic question is also formulated in this context: what the substance of modernizing plans and models has been in recent decades and what they represent from the viewpoint of the social-democratic future of Latin America.

How does it turn out that the CDP and SDP [Christian Democratic and Social Democratic parties] can carry out the same unpopular socioeconomic plan—modernization and transnationalization—after the fall of a dictatorship and the people follow them? Under a dictatorship the church and the Christian Democratic party accumulate influence among the masses in the struggle for democracy; later on, by relying on the masses who trust them, they implement this unpopular plan, losing popularity to some extent and acquiring it to some extent, because realization of the plan also produces a positive, that is, the fruitful part of it is realized by showing the advantages of the new forms of organizing

production. V. I. Lenin stressed that we cannot learn how to solve our problems today if our experience yesterday has not opened our eyes.

Social-democracy in Latin America today is aimed at one of the leading and high forms and degrees of modernization; the problem of regulating the relationships between the TNK's [transnational corporations] and the state, which represents the interests of national life that has been reduced to the margin, is being practically resolved.

It is very important, although it is also difficult, to look at events taking place in Latin America, not from the viewpoint of our wishes and our interests, but from the positions of how and what the Latin American peoples are generating independently of us as the result of their own completely independent development. Peoples, in principle, especially mankind as a people [narod-chelovechestvo], cannot lose by any means, in any circumstances. There are always alternatives. And if we are speaking about the future, the farther we look, the more of them there are. But if we are speaking about the past, the alternatives of the past are appropriate only in their projection into the future, as a speculative experience, though one that is quite useful. But we cannot permit reminiscence of the past and marking time: "if it had not been that way," hampering all subsequent analysis. It was only that way in history, not any other way. Everything else is for a fictional novel and prognostication with many variations.

A. F. Shulgovskiy:

#### On the Path Toward Unity: The Burden and Value of Traditions

If we attempt to single out the main problems which are the subject of debates and discussions in the camp of the leftist forces, questions related to searches for the most effective ways of moving toward unity unquestionably occupy one of the central positions by acquiring priority significance. Recognition of the need for unity is characteristic for those who represent the broadest spectrum of leftist forces. This is indicated by those who stand on positions of scientific socialism, by those who display more and more interest in it, and finally, by those who persistently look for their own ideological guideposts by trying to make a kind of synthesis of a number of theories and concepts imbued with revolutionary humanism.

There are no grounds for simplifying this process; in many respects it is shown as a tendency, as an opportunity, which still must be realized in practice. But we cannot help but see that a number of objective as well as subjective factors of the internal and international order are favorable to it, in the final analysis.

The leftist forces face a most critical need to give a response to the challenge given them by the alliance of the upper monopoly bourgeoisie and the transnational corporations. Its basic objective is to strive by all possible means to promote the integration of Latin American countries in new forms, based on an accelerated process of concentration and centralization of capital under the conditions of the technological revolution that is being developed into a system of capitalist world economic relationships. In the recent past, this alliance tried to achieve its objective on the path of modernization, chiefly with the aid of repressive dictatorial regimes. Under current conditions, when the process of democratization has begun in a number of Latin American countries, the forces in this alliance, after changing the methods and form of their policy, are striving to reach their strategic goals by other means.

There is no need to mention how heavy the losses of the leftist forces were in those years. We are now witnessing the difficult process of their revitalization and regrouping, and the correction or even revision of a number of their strategic and tactical objectives. In a word, a process of reinterpreting the previous experience of struggle is taking place. It involves the communist parties as well as the left radical and people's revolutionary organizations, parties and movements, without bypassing the ultraleftist groupings and movements. In the final analysis this is a fruitful and constructive process, although naturally a considerable number of difficulties and costs are inherent in it. During the process it is brought to light more and more clearly that a great deal of what until recently resulted in sharp conflicts in the leftist forces' camp was essentially immaterial, transient and even artificial, and this prevented them from realizing what united them strategically. And what unites them, with all their disagreements and differences, is the aspiration to work out an alternative plan to the capitalist modernization of Latin American countries, which entails tremendous suffering for all sectors of the population whose interests are expressed by the leftist forces.

The 1970's and 1980's were not only a period of great sacrifices, serious failures and defeats for the revolutionary forces, but a time when leftist parties and movements sought to extend their social base by orienting themselves more and more toward those social strata which until recently were outside the scope of their attention for a number of reasons. In other words, the process under way is one which some Latin American researchers are characterizing as a more and more extensive and organic penetration by leftist forces into the social fabric of social structures.

The dialectics and peculiarities of this process lie in the fact that certain leftist parties, organizations and movements have been able to strengthen their influence in precisely these sections of the population after extending the political and social range of their activity. To a considerable extent, this explains the pluralism in the leftist forces' camp, which makes it acutely necessary to

search for original and largely unexplored ways of consolidating "unity and diversity" on the basis of full equal rights, eliminating the feeble hegemonist efforts by certain forces.

In speaking of the phenomenon of leftist forces' pluralism, I would like to single out this factor which unites them strategically, although it does not rule out tactical differences. This refers to the problem of power, which is inseparably linked, as already noted, with the development of alternative plans for social development by the leftist forces. The need to develop such alternatives increases all the more if it is taken into account that the processes of transnationalization, which are manifested politically by an offensive of the neoconservative forces, lead to erosion of national state structures and threaten the existence of the distinctive spiritual values of the Latin American peoples. Favorable new opportunities are provided for the leftist forces under these conditions to make a substantial contribution to the defense of their peoples' humanist and spiritual traditions and to bring about a kind of synthesis of the national and the international, which thus far has been responsible for differences in the leftist camp of certain Latin American countries. For example, the debates and disagreements between leftist Peronists and communists on the national history, place and role of Argentina in world development.

The problem of power is now considered more and more by leftist forces in the overall context of the development of strategy and tactics, proceeding from recognition of the need to combine all forms and methods of struggle which would enable the political vanguard to turn into a truly guiding force in revolutionary social reforms. It is not coincidental that the ideas of V. I. Lenin and (A. Gramsci) on ways to achieve hegemony in a society, which means not only political hegemony, but moral and ethical hegemony as well, are attracting more and more attention in the leftist forces' camp. There is nothing surprising in the fact that the problem of the price of revolution, which V. I. Lenin thought about constantly, occupies a larger place in the development of strategy and tactics oriented toward attaining power by revolutionary forces. I am devoting particular attention to this problem, since in the course of our discussion certain participants, in our view, have undervalued it, especially with respect to its moral significance.

Naturally, we cannot leave the question of ultraleftists in Latin America without an answer, either. We would permit a serious error if we overlooked the significant and obvious changes in position by many groupings and organizations of this orientation. Certain Latin American political scientists and sociologists are mentioning a phenomenon which they define as the process (tendency) of ultraleftist groups disappearing from the political arena. This is essentially a correct observation, although it needs to be explained and made more precise. Indeed, certain of these organizations have ceased to exist, while others, and there are a considerable number of them,

after undergoing a significant evolution, moved closer to the left radical and people's revolutionary parties and movements and actually became an integral part of them. Participants in the discussion devoted attention to this process, although in our view, far from everything was stated and clarified. It is difficult to explain the reasons for this phenomenon without ambiguity, but it is obvious in any case that an answer must be sought in comprehending the entire range of factors which turn the former ultraleftists into an integral part of the left and people's revolutionary camp. A critical interpretation of the previous experience of struggle and its forms and methods, which often led to bitter defeats and heavy losses, naturally played its role. The rejection of the absolutization of one of these forms of struggle and oversimplification of notions about ways of coming to power has considerable importance in this respect.

Thus the leadership of the Revolutionary Workers Party (Argentina) stresses the need to do away with ultraleftism in their ranks. But until recently this was shown in the fact that the problem of power was reduced to a kind of symbolic, ritual act of "storming the Winter Palace," and this led to a disregard for the importance of developing forms and methods of bringing the masses to a struggle for power.

Revision of a number of what appeared to be the unshakable dogmas and postulates of the ultraleftists is explained by their more and more "natural" rapprochement with the most exploited part of the population. While previously many of them sought their social support intuitively, by touch, so to speak, among the marginal and pauperized strata of the population, for example, the situation changed later in the sense that appeals to them under slogans of messianism and their "special" revolutionary role were rejected. Indeed, there were a considerable number of cases in the past when attempts to mobilize the Indian masses, say, by appealing to their national traditions and symbols ended in failure for the simple reason that the supporters of ultraleftism were in fact remote from the masses and had a poor conception of their true needs and aspirations. Social responsiveness and the ability to critically examine previous experience in struggle have contributed to the change in positions by the former ultraleftists.

An important role is played by the change in conduct among the most exploited and unfortunate sections of the population, which is shown in their aspiration to establish their own systems of social self-defense in the face of the modernizing plans of the ruling classes and the transnational corporations. It is no coincidence that these strata are playing such an important role in the new social movements.

The Simon Bolivar Guerrilla Coordinating Council was established comparatively recently in Colombia. Guerrilla groupings associated with the different political parties and movements from the Marxist-Leninist orientation to the ultraleftists are taking part in it. The



guerrillas' appeal to the people, imbued with deep concern for the country's future, attests to the obvious change in positions of the individual guerrilla groupings based on the aspiration to develop a constructive alternative to get the country out of the crisis, proceeding from the interests of the working strata of the population.

Naturally, the problem of the ultraleftists has not been removed from the agenda; moreover, it can be quite acute in certain countries. An example of this is Peru. During the course of our discussion we have assessed the activity of the "Sendero Luminoso" time and again. This is really an important and painful problem for the leftist forces. Is this an ultraleftist organization? There can be no unequivocal answer to this question. The fundamental programmed objectives of the Senderists attest to their dogmatic and sectarian intolerance toward those who think differently, which is characteristic of ultraleftists. But a cult of leaders?! Only fanatic sectarians can lavish praise this way on Mao, Stalin, or their homebred leaders, as the Senderists are doing. Their dogmatism and sectarianism is also shown in the fact that they see an almost ideal model for a social order in "military communism." It would seem that everything is clear—we are faced with a "typical case." However, in my view, the matter is not that simple. Significant sections of the population, both in the city and the countryside, follow the Senderists and sympathize with them. While in a number of Latin American countries these sections of the population have been able to develop their own system of self-defense within the framework of different kinds of social movements which establish contacts with trade unions and leftist political parties and organizations, in Peru it is precisely the "Sendero Luminoso" that has been able to establish control over this process to a large extent after deforming and perverting it. In our view, a considerable role in this was played by the circumstance that the curtailment of revolutionary-democratic reforms after the removal from power of military patriots led by General Velasco Alvarado had a most painful effect on the masses of people, stirring up disillusionment, bitterness and protest. Under these conditions, the Senderists' slogans of doing away with the old society and building a "new civilization" on its ruins could not help but make an impression on the most unfortunate strata of the population. The leftist forces are faced with resolving complex problems. This refers not only to the struggle for those social forces which follow the Senderists, in order to prevent a repetition of the Pol Pot situation on Peruvian soil; it is also important, as the representatives of leftist forces emphasize, to work out an alternative for social development around which the masses could be mobilized. At the same time, we cannot disregard the fact that there is no unity among the ranks of the Senderist leadership, and the possibility of the evolution of some of the ultraleftists toward rapprochement with the leftist forces, as is taking place in other countries in Latin America, has not been ruled out.

The discussion on the entire range of problems mentioned attests to the fact that we have advanced quite far in working out the methodological criteria for assessing the concept of "leftist forces" itself and making its structural components known. However, a great deal remains to be done, to be made more precise. First of all, in my view, this relates to the problem of thorough Marxist comprehension of communist parties' activity. Clear-cut evaluative criteria and a thorough historical method are especially necessary here. We cannot forget that the Stalinist distortions of the social sciences affected this area as well. Don't the dogmatic evaluations of the activity of (Mariategui) and (Ostrogildu Pereira) in our literature in the past really attest to this? And the numerous accusations against Mexican communists? It is common knowledge that the matter was not limited just to verbal "discussion" in the past, but it led to reprisals against honest communists who were devoted to revolutionary ideals. As an approach to studying the activity of communist parties, based on a kind of register of their miscalculations and mistakes, often far-fetched and fabricated, as well as the triumphal enumeration of their successes, often exaggerated, when what is desired is accepted for what is real, it is profoundly incorrect. As in other cases, a kind of evaluative mark is given to communists which is naturally far from a scientific approach. The influence of such an approach is felt every so often in our discussion, which has to be explained by a kind of inertness in thinking.

Take the question of power. When one is familiar with Maydanik's statement, the impression is created that this problem was raised for the first time not by communists, but by the representatives of other forces; this refers not only and not so much to priorities as to more serious things associated with the definition of communists' position on this extraordinarily important problem. We cannot do without referring to history here. It is common knowledge that the problem of power began to be thoroughly elaborated by such outstanding Marxist-Leninists as (Rekabarren, Melya) and (Mariategui) as early as the 1920's. It was precisely then that the question was raised about the need for revolutionary forces to gain hegemony in a society in order for the dream of a new society to be turned from Utopia into reality, as (Rekabarren) said. (Mariategui) struggled resolutely against the "Creole ultrarevolutionary character"; for him a true revolution had nothing in common with a coup d'etat, with which different kinds of populist leaders identified revolution, as a rule. So communists have rich traditions in this area. It is another matter that the problem of power has not always been at the center of their theoretical studies for a number of reasons.

Interest has been revived lately in this and other important theoretical problems on the part of the Latin American communist movement. A return to their sources, so to speak, increased interest in a creative and critical interpretation of their experience, and the aspiration to remove the "blank spaces" in their history—all this attests to the exceptionally important processes which

are helping us, the Soviet Latin American specialists, to significantly extend our research on these problems by raising new layers of material and by recalling the forgotten pages in communists' heroic struggle.

In the plan for thorough understanding of the theoretical and practical experience of the communists' struggle, one of the key periods, in my view, is from the late 1960's to the early 1980's, when the struggle between the revolutionary and counterrevolutionary alternatives for social development became particularly intense. In evaluating this experience, I cannot agree with many of the propositions advanced by Maydanik. In his words, in the Latin American countries, with rare exception (Chile, Uruguay...), we are encountering a distinctive "inversive" form of the proletariat's hegemony, compared with the experience in Russia and Europe. There are no grounds for such an assertion, I believe. The point is that with all the differences, elements of a transition period emerged in a number of Latin American countries (Chile, Peru, Bolivia, Panama...) in the course of social and anti-imperialist reforms just at the time when the revolutionary forces did not have the full power of the state. And the great service of the communists and their allies, which was still far from being understood and evaluated, was that they raised the question of the transition period, the role of the working class and other sections of the population under the conditions of this distinctive situation. There was a great deal that was new and unexplored here, apparently agreeing little with unshakable Marxist postulates, but all this was in the spirit of creative Marxist-Leninist ideas on the ways, forms and methods of struggle for revolutionary hegemony in the society.

Indeed, we see in the example of the Cuban and Nicaraguan revolutions that events in these countries took a different turn and the problem of "storming the power" was moved to the forefront. But we must not forget that the revolutionaries in these countries entered into confrontation with dictatorial regimes. And there simply was no other path to struggle for power. But in the case cited as well, the problem of power was far from being reduced to "storming the Winter Palace" (more accurately, it was not reduced at all), but it was linked in the closest way with the struggle for hegemony, with the development of strategy and tactics by the revolutionary forces to move to the new society. It is difficult to overestimate the experience of the Cuban and Nicaraguan revolutions. But it, as well as the experience in struggle of Chilean, Peruvian, Bolivian, Panamanian, and Argentine revolutionaries and those in other Latin American countries, attests to the fact that a diversity of forms and methods exists within the framework of the unified efforts and ideals of leftist forces.

What do we call the representatives of those leftist forces which have a great deal in common with communists strategically?

Maydanik says that the concept of revolutionary democracy does not work in this case. Why? We must not forget that the Leninist definition of revolutionary democracy, which applies equally to Western Europe, Russia, and Asia, was added to the Latin American Marxists' armory and fruitfully and creatively utilized by them. (Melya's) interesting ideas about Mart! as a revolutionary democrat may be recalled.

Naturally, the appearance on the forestage of new people's revolutionary movements and organizations requires improvement in the organization of our conceptual research. And I regard Maydanik's searches in this area with understanding. But I think that some kind of cementing concept should be taken as the foundation, which should be "revolutionary democracy," in my view.

Our debates and differences with Maydanik very likely can be explained to a large extent by the different approach to assessment of the Latin American countries' position in the world and their place in world history. Maydanik proceeds from the assumption that they are an integral part of those countries which are part of the "Third World." Indeed, they have a great deal in common with the countries liberated after World War II, but their history and future have become so complex that they are an integral part of the states in the orbit of "Western civilization," if we use (Mariategui's) definition, that is, they have been part of the world capitalist system since they came into existence. Such an approach, characteristic for the Latin American Marxist tradition, provides the opportunity to thoroughly and comprehensively study the different stages in the history of Latin American countries in the close interrelationship between the international and the national and particular by bringing to light the many important governing laws in world historical development that apply to this region. (For example, the evolution of the concept of socialism from Utopia to science, the formation and development of the workers movement, and many others.) Lately Marxist thought in Latin American countries has been devoting more and more attention to elaboration of these problems, which helps to bring to light the deep layers of socialist traditions in the Latin American countries. In other words, now as never before the historical method is necessary in studying the problems related to the destinies, the future, of the leftist forces in this region.

In a world that is indivisible and becoming more and more diverse at the same time, the struggle for the humanist ideals of mankind is acquiring a universal character. The leftist forces of Latin America are playing an increasing role in this struggle.

Ya. G. Shemyakin:

#### **"Revolutionary Democracy" and the Struggle for Hegemony**

The concept of "revolutionary democracy" needs to be clarified. It seems to me that it is applicable to modern Latin America and possesses a political and cognitive

value that is quite specific. Naturally, we need to bear in mind that Latin American revolutionary democracy is something quite different from revolutionary democracy in Asia and Africa. The problem is that this is a very broad concept in general. Many persons put different content in it. If we proceed from the content which is "given" by both the terms which make up this concept, revolutionary democracy has to be followed by all those who seek and try to combine and are combining a revolutionary character with democratism. Obviously this definition is too broad and requires more specificity in its application to the era, the country, and the specific historical situation, including the stage of a revolution's development.

I think the fundamental distinction of modern Latin American revolutionary democracy is that it is a transitional trend. It may remain as it is, that is, as democracy that is revolutionary, only getting the better of itself, only growing into a trend that is socialist in nature.

Its transitional nature, I think, is its determining characteristic now. I think it is early to say that this transition to a different, socialist quality has been completed with respect to many of its basic detachments. If we consider the transitional nature (the movement toward socialism) as the basic, fundamental sign of belonging to the camp of revolutionary democracy, its limits will be extended to the maximum extent, of course, by including the most diverse movements.

It needs to be stressed that in this case the concept of revolutionary democracy does not substitute for or replace any other classifications. But it seems to me that it helps to enrich the terminology and make it more precise. It has already been noted that "left radicals" is not a very good term. The term "people's revolutionary" that has been suggested instead reflects the essence of this movement much better. But use of the concept "revolutionary democracy" to mean truly revolutionary forces, which most often are farther left than the communist parties, including the direction ("left radical" or "people's revolutionary") which was just mentioned, is just as legitimate.

It is symptomatic that Maydanik holds a contradictory position on the question of the applicability of the concept of "revolutionary democracy" to Latin American realities. On one hand, he maintains that the concept of "revolutionary democracy" does "not work" under conditions in the region. At the same time, he characterizes the "26 July Movement" quite correctly as a revolutionary democratic movement which evolved later on into scientific socialism. But when the question concerns a trend which is treated by Maydanik as one that is revolutionary socialist, it turns out that one of its main sectors—the "left radical, people's revolutionary movements"—may have a "Marxist-Leninist, revolutionary democratic or Catholic leftist" orientation (LATINS-KAYA AMERIKA, No 6, 1988, pp 57, 66-67).

Perhaps the best illustration for the thesis on the transitional nature of revolutionary democracy in Latin America is the Cuban revolution, in which the rapid development from a revolutionary democratic movement into a socialist one may be traced. Transitional nature as a determining characteristic in Latin American revolutionary democracy is also reflected in the ideological area. This may be traced in a specific analysis of the various theoretical concepts. In this case we are dealing with a very special type of consciousness, in my view, in which the elements of ideologies of varying social and class content, none of which can completely supplant the others, coexist and take part in struggle. The spectrum of possible relationships between them is extremely broad. It may vary from a position in which the Marxist world outlook holds the central position, but it cannot completely supplant the bourgeois and petit bourgeois elements and cannot completely overcome their influence on political conduct until Marxist elements turn out to be on the periphery of consciousness. But in this case as well, the bourgeois ideology does not hold a monopoly position, and elements of the proletarian world outlook also exert some influence on political conduct. An approach such as this helps to overcome the tendency to pin labels which express the effort to put a certain ideologist on a list in a "purely class" category of petit bourgeois, bourgeois, or proletariat. I think that the introduction of this new variable (the concept of the transitional nature) can help in a true class analysis of revolutionary democracy. In studying the world outlook of its representatives, we need to bear in mind that ideology may exist in two forms: in the form of an integral system which embraces an entire world outlook, and in the form of individual elements which may predominate but not completely cover all consciousness.

It is important to note that revolutionary democracy, being a reality in today's Latin America, is guided by very powerful traditions at the same time. I want to fully support the spirit of Shulgovskiy's statement. However, in my view, we have a coincidence of views here of the discussion's basic participants: the importance of tradition in the current struggle—social, ideological, political, and in spiritual life—has also been noted in Maydanik's statement. And I think this is absolutely correct. Especially in Latin America. I repeat: Latin American revolutionary democracy did not emerge in a void; it grows from very powerful traditions which were shaped locally, and it appeals to these traditions. This circumstance assumes special significance in the current situation. This refers primarily to the substantial change in the socioeconomic and political conditions in Latin American countries and the influence of these changes on the revolutionary camp. Maydanik's statement, in particular, spoke of the stagnation of leftist forces in the current stage. Is this so? Korolev's interesting, paradoxical statement, which stirs creative thought, helps a great deal in the searches for an answer to this question, in my view. I think that in our current assessments of the status of the region's leftist forces, the improvements that have taken place over the past decades in Latin America in different



areas of life have not been reflected sufficiently in our studies. In this connection, I am continuously reminded of (Gramsci's) analysis of Western Europe and Italy in particular. If we make a comparative analysis of the Italy which (Gramsci) wrote about and the most developed countries in modern Latin America (let us take a parameter such as the role of civilian society, for example), we will discover that modern Argentina, say, has a more complex civilian society than Italy during (Gramsci's) time. This circumstance fundamentally alters the situation. If we have a sufficiently developed civilian society, it means the tasks of "trench" warfare, not "maneuvering" warfare (if we use (Gramsci's) terminology) are advanced to the forefront. That is, this refers to a substantial change in the conditions for engaging in a class struggle. This really complicates the leftists' situation a great deal. If we encounter a situation in Latin America in which, because of the level of development it has reached (this concerns the largest and most advanced countries in the region, in any case), a direct assault on the government becomes impossible within the framework of a "maneuvering war," a great deal will have to be thought through all over again. Including the question of the criteria for revolutionary character. While earlier, under the conditions of a direct clash of class forces and polar alternatives, a policy of direct attack against the authorities was advanced as the main criterion of revolutionary character (similar to the situation in Russia in 1917), we see a much more complicated picture in the current situation. And perhaps, by understanding it, we will come to the conclusion that we have to speak not about the stagnation of revolutionary forces as the main characteristic (although manifestations of stagnation are unquestionably observed in the revolutionary camp), but about a change in the conditions of the struggle and about the fact that an era of very complicated interaction between classes is being begun within the framework of a civil society. The struggle for hegemony—ideological-political, moral and ethical hegemony—which Shulgovskiy has already mentioned, is becoming the main factor which determines the sociopolitical situation.

In this connection, it is also necessary to reexamine the role of the institutions of representative democracy. Latin American democracy may be viewed in different ways. This may be done by following the tradition developed over decades: stressing its weakness, instability and limited nature in every possible way and counting up the number of coups in the region's countries again and again. We have done all this repeatedly.

But another approach is possible (and in our time, necessary). It is not surprising that Latin American democracy looks weak at first glance. What is surprising is that it is surviving after decades of dictatorships and the most brutal repressions. A civil society has survived and become stronger in the basic countries of Latin America in spite of the tendency to absorb it quite obviously inherent in rightist authoritarian regimes in general, and fascist regimes in particular.

Under the conditions of "trench" warfare for ideological-political and spiritual hegemony in a civil society, a factor such as culture, including tradition, assumes special importance. Accordingly, it is fundamentally important to introduce the "cultural variable" into the analysis; without taking this into account, it becomes impossible to assess the situation correctly under the new conditions. Of course, cultural factors, including the traditions of struggle, have played a certain role before as well. But at present they have acquired a direct importance that they have not had and could not have under the conditions of a "maneuvering social war."

I emphasize that culture is understood in this case not as a burdensome makeweight for a foundation in conformity with a certain dogmatic scheme, but, by taking into account new culturological studies in recent years, as a specifically human form of activity, and as far as a certain people are concerned, as the way of life of a given community.

Several words about the problem of "the hierarchy of unities." It is apparent that it should be reexamined as well. I have gotten the impression that basically the Central American experience is summarized in Maydanik's statement. Evidently many of the conclusions in it relate to the Andean countries, such as Peru and Bolivia, and to a number of Caribbean states. But with respect to countries in the southern part of the continent, Brazil, Mexico, Venezuela, and possibly Colombia, it is apparent that we have to speak about the need to search for some other starting points in research. This also relates to the problem of determining the basic "watershed line" in the society. We have something to think about here.

As far as the "hierarchy of unities" question is concerned, we had the tendency after Nicaragua to express this essentially as follows: under all conditions the imperative of the leftists' unity is first and everything else should be subordinate to it and may even be sacrificed to this imperative.

The leftists' unity is really necessary in any case where the version of development has not been chosen. This is an objective requirement in carrying out the task of accumulating forces, incidentally, not only in the struggle for power. But this does not mean that situations cannot arise in which the leftists have to be sacrificed in the name of realizing the basic strategic goals of the liberation movement at a given historical moment. Situations in which some part of the leftist forces—true leftists—hold sectarian positions are possible; in the struggle for a specific progressive alternative for development in one country or another, these representatives of the revolutionary camp have to be opposed and common democratic objectives moved to the forefront. This is quite possible, especially in the situations which take shape in the region's most developed countries. Obviously, the problem being examined here acquires

certain special features which compel us to raise the questions somewhat differently than if it were based on the Central American experience.

V. P. Totskiy:

#### "Organizational" Unity or Political Interaction?

I think it is necessary to make our discussion, which has taken on a one-sided, "general theoretical" nature, more specific. In this sense, the "plurality situation" in the leftist forces' camp of the continent's largest country, Brazil, is significant.

The country's leftist forces have traveled a complicated and difficult path, marked by considerable achievements and the acquisition of invaluable experience, as well as severe losses and mistakes, over the past decades. Regrettably, it must be stated that the most important factor in the development of Brazilian leftist forces is the split in their ranks, a split mainly of the communist movement and the mass trade union movement which supports it, the "fission" of leftist associations, and the formation of "parallel" communist parties. According to Brazilian press information, there are at least two or three dozen leftist groups, factions, and organizations in the country today. The Brazilian Communist Party (PCB), the Communist Party of Brazil (PCdoB), and the Workers Party (PT), as well as the left wing of the ruling Brazilian Democratic Movement Party (PMDB), stand out in prominence and influence.

There are a considerable number of objective factors, which are common to all Latin American countries, at the basis of the leftists' disintegration in Brazil, including the vividly expressed social heterogeneity of the society and the differences in sociopolitical maturity, including of the workers and the working class. The consequences of the disagreements, differences and division in the international movement and then in the Brazilian communist movement, the mistakes by communists, especially in tactics, and the influence on the population of the powerful and refined "industry" of anticommunism established by imperialism and the local reaction also played their role. We cannot overlook the various kinds of group and personal ambitions and the suspicions, resentment and prejudices that accumulated, as well as the lack of the necessary mechanism to neutralize and overcome the negative effect of the divisive factors. As the noted PCB leader R. (Freire) noted, "one of the dramas of socialism" for Brazil is that there is no political organization yet which meets the demands made of a vanguard Marxist-Leninist party. In R. (Freire's) opinion, the place of such a party is "vacant" in Brazil at present. Hence the striving by a number of leftist organizations not to achieve unity but to establish a dividing line with those with similar goals of establishing their primacy in the struggle for the "vacant" position of political vanguard of the working class and the

workers and for political hegemony in the mass movement. This tendency has been shown most vividly in the activity of the Workers Party, which has justified accusations of sectarianism made against it.

The splintering of the leftists also contributes to the substantial differences between them in assessing the situation in the country and various processes, events and occurrences, and the differences in priorities and the tactics of struggle to implement them. Let us take just one example. The same Workers Party and the influential Unified Trade Union Workers Center which supports it assessed the collapse of the dictatorship as evidence of the crisis of the bourgeoisie's very predominance in the country. In this connection, they began a continuing confrontation with the government of President J. Sarney, regarding it as a weak opponent of the working people which may either be forced to leave the political arena in the interest of the masses or forced to play a role which contributes to an increase in the Workers Party's political capital. Meanwhile, the PCB and the trade unions which support it, which are united primarily as part of the Universal Trade Union Workers Center, in viewing the collapse of the dictatorship as the expression of a crisis of only the previous forms of the bourgeoisie's supremacy, and the government of J. Sarney as a necessary factor to ensure a transition to democracy in the country, maintained a position of support, though critical support, for the latter. As a result, the approaches of the PCB and the PT toward the problems of forming a specific political bloc with different sociopolitical forces have differed considerably and their participation in the national political dialogue and their conduct during various campaigns, including election and sociopolitical campaigns, and so forth have proved to be different.

Do opportunities for unity among the leftist forces exist under such conditions? Is the contradiction which really exists between the interests of the "common cause," dictated by the need for joint struggle by all leftist forces to defend the workers' vital interests, for expansion and extension of the democratic process in the country, and for the establishment of a regime of advanced democracy which opens prospects for the socialist orientation of development in Brazil, and the momentary "particularist" political aspirations of certain leftist organizations which are attempting to prove the legitimacy of their claims to the role of political vanguard and leader of all the country's progressive forces solvable in the plan to ensure this unity?

In order to answer these questions, we first have to take into account that the years of severe battles and trials have not passed by without a trace for all the leftist parties and organizations without exception. Today's leftists in Brazil are considerably different from the leftists of the 1960's and 1970's, even if the same people and organizations are involved. Just what is this distinction?

First of all, the goals and guideposts of the leftist forces, especially the intermediate and tactical ones, their views on the ways, means and methods of achieving them, and their assessments of a number of important problems, processes, events and occurrences have drawn closer together. The noted Brazilian sociologist (Wanderley) Guillermo dos Santos found a very graphic symbol-characteristic of the new quality of leftist forces' participation in the country's sociopolitical development in the current stage, noting that he associates it with the conduct of Workers Party leader Luis Ignacio da Silva (Lula) "in a suit and tie," occupying the seat of a deputy in the National Constituent Assembly. And indeed, this quite accurately reflects the essence of the changes in both the status of the leftist forces on the Brazilian political scene and the tactics of the overwhelming majority of leftist organizations. Today practically all these organizations advocate achievement of their goals within the framework of democracy and the use of mainly democratic methods, a system of elections and voting as the main instrument to resolve the country's problems. If one of them also raises a question about the possible use of other, more radical forms and methods of struggle, which the leftists' political opponents and enemies like to speculate in, in every possible way, this is usually dictated by the desire not to rule out the opportunities which, though merely hypothetical, are probable on the whole, of examining the problem of the forms and methods of struggle in all its diversity at a given moment.

The actual community of opinions and the need to consolidate not simply democratic government in the country, but a regime of advanced democracy which reflects the possibility of bringing about a socialist future, and of the ways, means and methods of reaching intermediate as well as ultimate goals in the political struggle is closely interrelated with the experience, which is available in all the leftists forces' basic organizations, of joint actions within the framework of diverse political and other fronts, alliances, and blocs and sometimes in their own existence as one of their varieties. The successful results of such actions, including the overthrow of the dictatorial regime itself, turn out to have more and more influence on even the most resolute adherents of isolation. In this connection, it is significant that even the Workers Party came out in support of the policy of alliances at its fifth congress in January 1988. In addition, the opportunities to vary both the forms of alliances and blocs and the directions of joint actions are particularly evident today. Participation in elections, the work of the mass media, scientific and public forums, coalition activity in organs of the legislature and municipalities, and the most diverse forms of the mass movement, which are continuously being expanded, provide broad prospects for this.

The processes of renovation not only of the style and substance of activity, but of leftist organizations' leadership, their internal democracy and the influx of youth in their ranks also play their role in eliminating obstacles on the path toward unity, especially those associated with personal conflicts, grievances and ambitions.

In noting the factors which contribute to the unity of Brazil's leftist forces, however, we must bear in mind that practical achievement of this unity is possible only when the traditional views of it are rejected. It is clear that in a number of cases, opportunities may and do exist even today to develop a unified political party which unites a significant part of the leftists, if not all of them. Realization of these opportunities may be traced in the example of the development of the Mexican Socialist Party [sic]. But there can be no reference to something similar in Brazil in the present stage. The establishment of something similar to the Popular Unity bloc in Chile or the Broad Front in Uruguay, the United Leftists in Spain or Chile, and even the form of unity of progressive forces in the country which made it possible to overthrow the dictatorial regime is extremely unlikely. Moreover, just raising the question of the need to use the slogan of a united front of leftist forces and attempts to bring about some organizational shape for such a front or bloc are viewed by most Brazilian communists as a serious mistake and more a display of sectarian than unitary tendencies under current conditions in the country; it is shifting the question of unity to the category of really insoluble questions and it obstructs the forms and opportunities for unity that are available. What is to be done in such a situation?

First of all, we must proceed from the assumption that unity has to be interpreted as the kind of interaction among leftist forces which provides the greatest possible benefit in a specific situation for the common cause of the progressive forces, the working masses, and the working class and helps to achieve the goals sought by them, without undermining the political hopes and prospects of each one of the leftist organizations in the process, of course. Hence the opportunity to strive for unity not so much "de jure" as "de facto" and to resolutely reject the imitation of previous ways, forms and methods of achieving, organizing, shaping and maintaining it, which do not respond to the current conditions. How can and does this appear specifically?

It appears that under the conditions in modern Brazil, the way toward unity lies mainly through new, "informal" methods of providing for interrelationships and interaction. It is well known that the class enemy of the progressive forces has long had an extensive arsenal of this kind of "informal" associations and means of ensuring the unity of actions by the international bourgeoisie, including all sorts of national and international "clubs," conferences and symposiums and other varieties of meetings and forums for the representatives of different groups and factions of the ruling classes. I think that the leftist forces of Brazil are also in a position to develop a number of forms and tribunes for the expression and collective comradely discussion of problems of vital importance and for the search for unified common approaches, opinion, forms and methods of joint actions. Specific joint statements in defense of the workers' immediate interests, especially in connection with



the financial, economic and social problems and difficulties which the country is going through and the contradictory results of the economic policy of the government, which has recently been making concessions more often to imperialism and its allies in Brazil itself, are becoming more widespread today. Interaction by leftist forces is being expanded within the framework of different kinds of political campaigns, including election and parliamentary campaigns. Contacts among parliamentary factions, representatives of the leadership and the broad party masses, and joint discussions of problems in scientific and public forums also offer considerable opportunities for dialogue and interrelationships. After all, in the final analysis true unity means the creative, mutually reinforcing and mutually enriching exchange of opinions and information, mutual respect and tolerance for other opinions and each other's conduct, and rejection of claims to a monopoly on the truth and attempts to give "evaluations" or "marks" for conduct or to apply labels of different kinds, and so forth. In order for this kind of relationship and ethics and standard of conduct to become the norm for the leftist forces, and to become firmly and solidly established, it is extremely necessary now to broadly and actively utilize both the party press and all the existing and operating channels of communication among the different organizations for this purpose.

It is important for the Brazilian leftists today to correctly coordinate the problem of unity of the leftist forces with the question of the opportunities and forms for developing the broadest front of all patriotic, democratic, and progressive forces in the country in the struggle for a regime of genuine, "socially oriented" democracy in Brazil. It is important, naturally, to bring about expansion of "unity from below" and close interaction among the representatives of all leftist organizations in a mass movement, especially in trade unions.

Brazilian communists have done and are continuing to do a great deal in the interests of achieving unity among the country's leftist forces. The Brazilian Communist Party actively seeks cooperation and interaction with other leftist organizations (primarily with the PCdoB and the left wing of the PMDB), both during elections and in parliament, in other elective organs, and in a mass movement, particularly the trade union movement. An effort to search for ways and means to ensure the most widespread sociopolitical dialogue, to overcome prejudices and biases with respect to other leftist organizations, and to ensure a sufficiently tactful and restrained tone in polemics and opinions, views and assessments is becoming more and more typical for the PCB. The PCB fully acknowledges the right of other leftist organizations to exist and legitimacy of fair competition between them in the struggle for the still vacant position of the country's vanguard Marxist-Leninist party.

A. V. Kazmishchev:

#### "Unitarist" Dogma and the "Renaissance of Reformism"

From everything that we have heard so far, a hymn to the unity of leftist forces is taking shape. But no one has been able to cite one convincing example of where this unity has existed (or has been existing) for a long period of time. Even Maydanik.

How do matters stand, as an example, in Central America, where an entire period of trying to understand it has passed behind amidst the enthusiasm resulting from the triumph of the Sandinist people's revolution in Nicaragua. The situation in the region has become complicated. The Reagan administration succeeded in obtaining a great deal from its anti-Nicaraguan plans. But the Esquipulas process is partially neutralizing them. Later on, in El Salvador, the civil war led to a stalemate. Indeed, the American Government is not in a position to defeat the rebel patriots. But most of the population has tired of the many years of war and are morally exhausted by the devastation, especially the human losses. A distinctive combination of the remnants of bourgeois democracy, which retain a magnetic force in the eyes of many Salvadorans as a memory of "a peaceful time," with combat actions making the people the object of recruitment, requisitions and repressions, creating a sense of catastrophism, has emerged. In Guatemala the local oligarchy was unable to prevent the collapse of the military dictatorship regime. However, by playing the reformist card, it transferred power to the centrists from the Christian Democratic Party. And clashes continue between the guerrillas and the armed forces, which are pursuing a domestic policy completely independently from the Christian Democrats which is often provocative with regard to the leftists. In Costa Rica, the social reformists have again strengthened their positions; by identifying themselves less and less with the Socialist International, they are declining to blindly follow Washington's lead at the same time. But in Honduras, the liberal bourgeois wing of the oligarchy, by taking advantage of the elemental antimilitarism of the masses, is skillfully maintaining the illusion among the people of the relative effectiveness of the pseudoreformist policy of the civilian governments that replace each other.

Under these conditions, a certain crisis has developed in the unifying processes in the leftist forces' camp in Central America. El Salvador, where the trend toward establishment of a unified party of the revolution is forcing its way through on the basis of the Farabundo Marti National Liberation Front (FMLN), is the only exception. But to what extent have the consequences of the events of 1984, when the internal struggle in the ranks of the Farabundo Marti National Liberation Forces (FLN) led to the death of key leaders of this

organization and a split in the ranks of the FMLN and the FLN, been overcome? The Guatemalan Labor Party (PGT)—the party of Guatemalan communists—continues to remain actually outside those unifying processes which led to the establishment of the People's Revolutionary Unity of Guatemala (NREG), an alliance of the majority of the country's leftist political organizations. Although in its statements the PGT and the (NREG) support the creation of a party which unites all Guatemalan revolutionary parties and movements. The activity of the United National Leadership of the Honduran Revolutionary Movement, which emerged in 1983, uniting the communist party and other leftist military-political organizations in the country, is still basically limited to manifestos and appeals. And in Costa Rica, the election coalition of leftist forces (which survived the "civil war" in the trade unions, incidentally) has collapsed. Serious problems also have arisen in the country's communist movement itself, which has led to its split, to call a spade a spade.

Thus, we can establish the instability of the alliance of leftist forces in Central America. Or as a minimum, the parallel development of centrifugal and centripetal processes in the leftist forces' camp. And in any case, there are no grounds to believe that the unifying trend has prevailed.

Incidentally, does that bloc of people's revolutionary forces in Nicaragua which was mentioned a great deal in 1979 and 1980 exist now?

At first glance these conclusions may appear to contradict the substance of the fruitful discussions in the early 1980's, in which Latin American revolutionaries—communists, and left radicals (with all the conditional nature of this term)—discussed the details of the class struggle with respect to the social structure in their countries. But only at first glance, inasmuch as during the course of discussing this topic, the participants first substantiated the thesis on the "plurality" of leftist forces.

So a creative situation was developed in which the FMLN, the People's Revolutionary Unity of Guatemala, and the United National Leadership of the Honduran Revolutionary Movement emerged in the course of unitary processes. It appeared that a universal key to resolve the problem of leftist forces' unity had been found. However, a certain slowdown in unifying processes, which we mentioned earlier, is now present. But before going to the reasons for it, I would like to define several terms more precisely. By "unitary processes" we mean the tendency to unify leftist forces under the conditions of the "plurality." But farther ahead we also will resort to the term "unitarism" and derivatives of it to mean the sum total of conditions in accordance with which the leftist forces are supposedly "doomed" to unity.

Unfortunately, "unitarism" is deeply rooted in the thinking of many participants in the class struggle in Latin America. Its adherents make a fetish of the "unitarist" key to resolving all problems of revolution. They

say that success is possible only when there is unity among all leftist forces. It is attainable only when they have full equal rights. So the "unitarist" dogma, which continues the "folkism" [reference unclear] of the 1960's in some respects, was born. Only 20 years ago the sectarian actions of a "hotbed" of revolution were absolutized. But now, in the second half of the 1980's, the necessity for total unity of the leftist forces is being absolutized. It is obvious that both "folkism" and "unitarism" specifically emasculate the historical approach to the role of exploited social strata and classes and their political organizations in revolution. Both "folkism" and "unitarism" repudiate the nonaxiomatic nature of social knowledge. The bearers of "unitarist metaphysics" do not want to take notice that centrifugal tendencies are steadily maintained in the leftist forces' camp. Well, as a last resort the best of them, which we heard at the beginning of the discussion, make casual mention of this. But meanwhile, this phenomenon is a complicated tangle of many factors.

The multiple-class basis of the "plurality" of leftist forces is one of the objective reasons. The atomization of political life, this long-standing tradition of Ibero-American political culture, relates to this. It has been raised a notch in Central America. Here the ruling circles, from the very moment that independence was proclaimed on 15 September 1821, have prostituted the concept of Central American and national unity, actually not only setting off Hondurans against Salvadorans or Nicaraguans against Costa Ricans, say, but causing clashes within each country between mestizos and Indians, mountain-dwellers and lowlanders, natives of different cities or departments, and so forth.

In general, in an alliance of really equal partners, it is impossible to get away from the question of "the first among equals" (naturally, we are not speaking now about those "equal alliances" which were made at gunpoint in the old days but which now appear in more idyllic form). It is like a marginal feature, since both objective and subjective factors interact here. Only that political force which proves to be capable of standing above the interests of "its" social group (class) and, by overcoming "group" egotism, of giving up part of its political plan, will be able to claim the leading role in an alliance of equals. The vanguard which emerges in the same way weakens its positions with respect to the allies and...creates an atmosphere which contributes to an increase in their ambitions. Let us consider here a subjective factor such as personal aspirations, one more characteristic feature of Ibero-American political culture. And then it will become clear once and for all that the advantages of unstable leadership such as this may be utilized only for a relatively short interval. Most likely at the moment of a direct "assault on the heavens," inasmuch as any stagnation (we don't have to speak about the defeat of a revolution) will lead inexorably to the predominance of centrifugal tendencies.

Understanding of this truth is not someone's monopoly, and as a result, "unitarist" fetishism is invariably accompanied by "unitarist" hypocrisy, that is, many willingly

speak about the necessity of unity, but in actuality they are at least extremely cautious about achieving it. They are afraid of letting strangers into their politico-ecological niche.

Adherents of the "unitarist" dogma, though, believe that these difficulties are surmountable thanks to the ability of revolutionaries to creatively transform sociopolitical phenomena. Indeed, it is impossible to refute the general nature of man's growing influence on his surroundings. However, the effectiveness of this purposeful activity remains an open question.

It is our profound conviction that, unless the "unitarist" dogmatism is overcome, the strategy and tactics of the class struggle cannot be worked out by the leftist forces, not only in the Central American subregion, but in Latin America as a whole. Comprehensive research on the features of the structural crisis on the continent in the current stage could contribute to solution of this problem. This research will prove to be very timely, since adaptation to the conditions of the structural crisis, which has undergone a qualitative change compared with the period from the late 1950's to the late 1970's, has already become a fact which is characteristic in varying degrees for all Latin American countries.

Thus, military dictatorship regimes which emerged in the 1970's in many states in South America basically fulfilled that part of the most important task set for them by the local oligarchy and imperialism, which was to suppress the wave of revolutionary enthusiasm. They also cleared the ground for implementing liberal bourgeois plans, giving them a magnetic force in the eyes of the broad masses of people as an alternative to repressive authoritarianism. The secret of the political successes of the social democratic, Christian democratic and other reformist leaders in many states of the continent is concealed here. In other words, (Debre's) maxim that it is "always either 'Kornilov' or 'Lenin,' but never 'Kerenskiy'" has not worked. The tree of life is turning green and presenting us with an entire galaxy of "Kerenskiy's" in Argentina, Brazil and Uruguay, instilled with the post-Franco transitional model in the ("Moncloa") style. Chile is proceeding the same way. Adaptation to conditions of the crisis and the renaissance of reformism make it possible to assume that Latin America is entering a historically relatively long period of political stabilization of the institutions of bourgeois democracy.

There is no question that such "adaptive" stabilization has a distinct nature, inasmuch as the structural crisis has not been overcome.

At the same time, adaptation to the new conditions of the structural crisis sets new tasks for the leftist forces as well. The transition from a "maneuvering war" to "trench warfare" which Shemyakin spoke about draws our attention again to the question of establishing broad democratic and anti-imperialist movements (under conditions in Latin America). A whole complex of new problems arises here. For example, what are the role and place of the relationship between leftist forces and other movements?

Evidently, the influence of the concept of "historical compromise," Latin American style, will make itself known here, since the threat of recurrences of military-fascist coups persists. We can also expect attention to the experience gained by the national fronts of the mid- to late 1930's in France and Spain. Especially in Spain during the civil war period, where the propositions of the Seventh World Congress of the Communist International on the National Front acquired an interpretation which comes close to the concept of unitary processes.

It will also be interesting to analyze the extent to which the need to resolve such global problems as the foreign debt, underdevelopment, the ecological catastrophe and mankind's struggle to survive the threat of a nuclear "end of the world," by paving the way toward the development of new thinking, will be able to consolidate these democratic movements. However, the latter relates to a different topic, although it is a marginal one.

Where the adaptive processes are going through a crisis, where they have not yet gained or will not gain strength, a factor such as the "Lebanonization" of political life is being crystallized. In other words, the class battles are developing at the same time within the framework of bourgeois democracy and in the form of armed (guerrilla) struggle (El Salvador, Guatemala, Colombia). A similar process is also taking place in Peru, though it is geographically and ethnically localized there (actions by the "Sendero Luminoso").

#### **Book Review: Foreign Debt: Crisis and Confrontation. Figures, Analysis, Solutions and Perspectives**

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in Russian No 11, Nov 88 pp 125-127

[Review by S. N. Lobantsova of book "Deuda Externa: Crisis y Confrontación. Cifras, Análisis, Soluciones y Perspectivas" (Foreign Debt: Crisis and Confrontation. Figures, Analysis, Solutions and Perspectives) by Julio Silva Colmenares, Ediciones Y. Alborada, Bogotá, 1988, 175 pages]

[Text] Among the literature on the debt problem of the "Third World" being published in Latin America, the book by the prominent Colombian researcher J. Silva Colmenares is distinguished by its comprehensive analysis of the nature of the phenomenon and specific recommendations for actions. The authors sees the reasons for the unprecedented crisis of the developing countries' solvency in the dialectic interaction of domestic and external factors. At the same time, fundamental attention is devoted to the influence of phenomena which are characteristic for the world capitalist economy—the cyclical crisis of the 1980's, the financial exploitation of the "periphery" by the "centers," the subordinate, inequitable status of the developing countries, the expansion of transnational banks, and the



aggressive policy of the United States in the world markets and the arms race it has unleashed, which requires vast financial assets.

Analysis of the problem against the background of new processes in the world economy and its growing internationalization enables the author to come to the conclusion that the present debt crisis is not a market crisis, not a chance occurrence in the development of currency and financial relationships, but a distinctive reflection of "the deep-seated structural crisis of the capitalist system itself" (p 161). It seems that the overall picture of the causes and prehistory of the debt crisis would be more complete if the evolution of the credit and financial strategy of the imperialist states with respect to the developing countries, especially the Latin American countries, had been disclosed more thoroughly, particularly aspects such as the inadequacy of the credit extended by the state and international financial organizations of the West and their shift to expensive private loan capital.

Special sections of the book are devoted to the severe consequences of the debt crisis for the debtor countries, including a slowdown in economic development, sharp deterioration in the workers' status, and an increase in social tension. The enslaving conditions for Latin American countries to pay their debts under the unjust international economic system which now exists are turning "servicing" of the foreign debt into a back-breaking burden. Silva Colmenares shows with extensive factual material that the region's countries are transferring a substantial part of their foreign exchange receipts and domestic savings to the West as payments on their debts. "In the 'three-in-one' formula for neocolonialist exploitation (unequivalent exchange, direct foreign investments and international credit), the exploitation in credit has now become the principal tool for plunder" (p 154).

The usuriously high interest, the short term for credit, the collection of additional fees when debts are renegotiated, and other factors make for huge payments from the debtor countries to meet foreign financial commitments. In the 1981-1985 period alone, the developing states paid out about 530 billion dollars, that is, more than half of their foreign debt, to "service" the debts (p 52). As far as the Latin American countries are concerned, 240 billion dollars of the total amount of their debts—this is the result of the increase in bank interest rates, the excessive increase in the dollar's exchange rate by the United States, and the decline in world prices for the commodities they export (p 76).

Based on this, Silva Colmenares formulates a number of suggestions for financial settlement of the debt problem. Since the "Third World" countries have already transferred sums equivalent to a major part of their foreign debt to Western creditors and continue to be subjected to financial plunder by the West in various forms, in his opinion they have the moral right to refuse to pay off a certain part of the foreign debt (p 73). The author supports the so-called disaggregation of debts, that is, breaking up the general debt and isolating that part of it for which the refusal to pay is

justified from a legal, financial and moral point of view. He suggests that this part include the debts resulting from factors which the debtor countries are not responsible for but which they are sacrificing from—the growing protectionism of the West, the inflation of interest rates by transnational banks, and so forth. He includes the debts which are the result of illegal credit transactions made by Western banks to avoid Latin American national legislation and in violation of the standards for foreign borrowing, as well as those debts resulting from secret machinations and speculative deals by the ruling clique in a number of the region's countries—especially the debts of the military dictatorships, often linked with arms purchases, and sometimes under the pressure of arms suppliers (pp 73-75).

It should be noted that the author's suggestion to refuse payment of part of the debts applies only to that part of the state's indebtedness which is to be paid from national funds, chiefly at the cost of a further attack on the working people's standard of living (reduction of budget allocations for social needs, abolition of subsidies for foodstuff commodities, an increase in taxes, and so forth). In this connection, he suggests that every agreement on foreign credits made by countries in the region since the mid-1970's be examined scrupulously, that their adherence to national laws be determined, that the precise origin of credit resources and their special purpose be disclosed, and so forth.

However, although part of the credits really do not conform to a number of standards of international law, it appears from a technical and practical point of view that Silva Colmenares' suggestions are extremely vulnerable. Under the conditions in today's Latin America, such "inspection" of the legality of each credit is practically impossible because of the frequent change in governments, the close ties and interwoven interests of the upper national bourgeoisie and the creditor banks, the collusion [korruptirovannost] of the bureaucratic clique, and many other factors. Moreover, the transnational creditor banks have extensive experience at their disposal and a large arsenal of funds to evade legal standards and carry out veiled financial manipulations.

At the same time, in recognizing the practical unfeasibility of a number of the author's suggestions, we cannot help but agree with him that the peoples of the continent do not bear responsibility for a significant part of the foreign credits they now have to pay off, inasmuch as these funds never entered their countries (loans for payment of increased bank rates, "interest on interest," and loans for currency speculations) or provided anything for their economic or social development (credits obtained under pressure from Western arms suppliers to pay for arms purchases, the foreign debts of Latin American branches of the TNK's [transnational corporations], and so forth).

As far as that part of the debt which debtor countries are obligated to pay, the Colombian scientist considers it necessary to implement measures such as reducing interest

rates, extending the periods for debt payment, and recognizing each debtor government's right to limit payments to service the foreign debt to a specific amount, such as 20 percent of exports or 2 percent of GNP (p 160). However, as the book notes repeatedly, these palliatives still will not provide a way out of the crisis and ensure steady economic growth without the drastic measures necessary to resolve the problem. Among them he includes consideration of the debt crisis as a political problem, the convocation of a special conference on the debts under the aegis of the United Nations, restructuring of world economic relationships on a democratic basis, and the realization of a new world economic system, and on a broader plane—the establishment of conditions for the international economic security of all countries in the world community.

In criticizing the West's current strategy for settlement of the dollar crisis, Silva Colmenares actively supports the position of the USSR on the matters cited. The reader will find references in his book to materials of the 27th CPSU Congress and a number of other important party documents. I would like to mention that the author frequently cites the works of the ILA AN SSSR [Latin America Institute, USSR Academy of Sciences] and turns his attention more than once to the discussion of the debt crisis carried in our journal last year (LATINSKAYA AMERIKA No 1, 1987).

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**Soviet-Cuban Economic Cooperation Examined**  
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in Russian No 12, Dec 88 pp 6-12

[Article by A. D. Bekarevich: "The Horizons of Cooperation"]

[Text] Cuba's historical experience has shown that revolution and the building of socialism is based on common governing laws in each country stemming from the common character of the socioeconomic foundation, the social forces which carry out the socialist revolution, and the goals and tasks which it sets for itself. At the same time, Cuba's experience has persuasively confirmed that the common governing laws of the transition period become apparent in specific national forms whose specific nature is determined by a combination of internal and external factors.

As a result of socialist reforms, Cuba has made great progress in all areas of the society in a historically brief period of time. A viable political system of socialism has been established with the communist party as its guiding nucleus; the socialist production method has been maintained in the national economy, including the agrarian sector, where the process of organizing the peasants into cooperatives is actively under way.<sup>1</sup> The revolution's social achievements are impressive. Cuba has held firm positions in the international arena. An integral part of the world socialist system, it is a member of CEMA and is taking an active part in the process of socialist integration and consolidation of the socialist community's international positions.

The Party Program adopted by the Third PCC [Cuban Communist Party] Congress consolidated the gains made and determined the most important directions and objectives in socialist construction over the near future. Building up the material and technical base of socialism through industrialization continues to be the basic goal of economic development in the coming years.

Soviet-Cuban economic ties are playing an important role in realizing the objectives set by the congress. They are inalienable from the history of the Cuban Revolution and the history of the formation and development of the first socialist state in the Western Hemisphere, and they are built on the principle of respect for national sovereignty, noninterference in internal affairs, and mutual benefit.

"Without the continuous, crucial, and generous assistance of the Soviet people, our motherland could not hold out in a fight with imperialism..." F. Castro stated from the rostrum at the First PCC Congress.<sup>2</sup> On one hand, the role and importance of the socialist community, and primarily the Soviet Union—the most important external factor in extending the revolutionary process in Cuba—have been demonstrated most forcefully in the area of Cuba's foreign political relationships. Development of close political and economic ties with the Soviet Union and other socialist

countries has played a prominent role in repelling the economic aggression of U. S. imperialism and in carrying out socioeconomic reforms and building up a new socialist society in the country.

Another important factor should be mentioned. The assistance given to Cuba and the solidarity with it of the Soviet Union and other countries in the socialist community was also important for the Cuban revolutionaries in winning over the masses and in rallying the ranks of the revolutionary forces. The fraternal assistance of the Soviet people and the peoples of other socialist countries not only dealt a blow to the anticommunist propaganda which had settled for years in the people's consciousness, but also contributed to the overall development and political education of the broad masses of the Cuban people and enabled them to quickly realize the humanist essence of socialism.

The subsequent intensification of the revolutionary process and the growth of the Cuban Revolution into a socialist one gave Soviet-Cuban relations a qualitatively new character. With each year they became broader and more intensive and many-sided. Our cooperation is so diverse now that it is difficult to find an area of socialist construction where it has not had a positive influence and made a constructive contribution to development.

This applies first of all to the economy, where the legacy of neocolonial rule by imperialism was most burdensome. With the USSR's participation, enterprises of the sugar industry; ferrous and nonferrous metallurgy enterprises; power stations; oil refining, chemical, machine building and food enterprises; water resource facilities; training centers; and other national economic facilities were renovated and built. There are already more than 360 of them, including 197 industrial enterprises which produce 100 percent of the rolled ferrous metals, 95 percent of the steel, 45 percent of the electric power, 32 percent of the nickel concentrate, 29 percent of the nitrogen fertilizers, 55 percent of the yarn, and 21 percent of the unrefined sugar.<sup>3</sup> Another 289 facilities are in the construction stage. It is important that assistance has been provided in training the appropriate specialists at the same time that the enterprises were built and commissioned. A feature of the cooperation is its comprehensive nature, and it is carried out on a planned, long-term basis.

New elements are being introduced in cooperation by the restructuring of foreign economic ties which is under way in the Soviet Union. The goal has been set of providing for the transition from traditional trade exchange to intensive production cooperation and specialization. The Comprehensive Program for Scientific and Technical Progress of the CEMA Member Countries Up to the Year 2000 is aimed objectively at this. The Concept for Developing Foreign Economic Relations



Between the USSR and CEMA Member Countries is also being worked out; it will become the basis for coordinating long-term economic policy and coordinating state plans.

A collective Concept for the International Socialist Division of Labor in the 1991-2005 Period has now been worked out for defining the prospective directions of cooperation. Within the framework of the concept, considerable importance will obviously be attached to Cuba, Vietnam and Mongolia. Opportunities exist for improving cooperation and increasing the effectiveness of participation by the three countries in socialist economic integration in order to speed up the process of gradual equalization in the levels of economic development of the CEMA member countries.

One of the most important directions for our countries' economic and technical cooperation in the current stage is power generation. Construction of Cuba's first nuclear power station, "Juragua" in Cienfuegos Province, has been under way on an extended front since 1981. A great deal of attention is being devoted to the nickel industry. One of the largest projects involved in cooperation, the nickel plant in Punta Gorda, has been built and put into operation. Part of its output will be shipped to the USSR to pay off the credit granted to Cuba. The nickel plants in Nicaro and Moa are being renovated and the capacities of these enterprises will be increased. Together with other CEMA member countries (the GDR, Hungary, Czechoslovakia, Bulgaria and Romania), the USSR is taking part in the construction of one more nickel plant in Cuba, in Las (Camariocas). Upon completion of the renovation and construction, the production of nickel-bearing output in Cuba will be practically tripled over the current level.

The capacities of Cuban ferrous metallurgy, essentially reestablished with the assistance of the USSR, are being increased. On the eve of the revolution, the volume of steel smelted did not exceed 100,000 tons annually; at present, more than 300,000 tons of steel and roughly the same amount of rolled metal are being smelted at the Jos Mart! Metallurgical Plant alone.

Cooperation between our countries in developing the machine building base for the sugar industry has become traditional. With the technical assistance of the USSR, the machine building plant in Santa Clara, which turns out equipment for sugar plants, is being renovated and expanded. The ("Tasia") Machine Building Plant in Havana is coping successfully with its planned capacities. Preparation for production of a new and more improved model of the "KTP-2" cane harvesting combine has been begun at the plant in Holguin. The Soviet specialists working here are helping their Cuban friends in drafting the planning documents and in the manufacture and installation of individual units and assemblies for the new combine.

The USSR is providing assistance in developing new capacities for repairing trucks in Santa Clara and Santiago de Cuba. It is expected that by the end of the current five-year plan both plants will be commissioned and will meet the country's needs for capacities to repair vehicles of Soviet manufacture. Soviet assistance in developing the construction materials and construction industry is also being increased. The metal building structures plant commissioned in Victoria de las Tunas is coping with its planned capacity.

The amount of assistance in developing the oil refining industry is significant. Along with renovation of the oil refineries in Santiago de Cuba and Havana, built before the revolution by American firms, the Soviet Union is providing technical assistance in building a new plant in Cienfuegos. Construction of a lubricants combine in Santiago de Cuba is being completed. Port facilities, including a bulk plant in Matanzas Bay, are being built and renovated.

A great deal has been done through the efforts of Cuban workers and Soviet specialists to more completely meet the country's requirements for products of the textile industry. Six textile mills have been renovated and a combine has been built and commissioned in Santiago de Cuba.

Soviet assistance is decisive in resolving the transportation problem. Renovation of the main rail line from Havana to Santiago de Cuba, port facilities and berths in Havana and Cienfuegos, airports in Havana and Camaguey, construction of a plant in Santa Clara to make reinforced concrete ties, and renovation of a locomotive depot in San Luis—this is far from a complete list of the projects involving cooperation in this area.

In the near future it is planned to significantly increase the amount of technical assistance in conducting geological exploration operations in Cuba for oil and gas. The results of surveys completed by specialists from both countries indicate that there are opportunities to increase oil extraction. In particular, positive results were obtained in the course of prospecting operations in the Havana-Matanzas and Varadero-Cardenas areas, and geological explorations have also been conducted in Pinar del Rio Province. At the same time, combined geological and geophysical operations will be conducted on Cuba's shelf in areas of the most likely oil deposits. In a word, serious prerequisites have been established for bringing the extraction of this raw material up to 2 million tons in the coming years.

There have been tangible results from cooperation in the agrarian sector. With assistance from the USSR, operations are being carried out to increase the productivity of lands by irrigation and reclamation. Regulation of the water regime, irrigation and drainage are especially necessary in Cuba, where the opportunities to involve

new areas in cultivation have practically been exhausted. The measures indicated are being carried out on the basis of a general plan for utilization of Cuba's water and land resources which was drafted with the participation of Soviet specialists.

Significant progress has been made in mechanizing agriculture. Cuba now has 3.7 times as many tractors as it had before the revolution; it has nearly 1.7 times as many as the average number in other Latin American countries.

New sugar mills are being built and existing ones are being renovated with the USSR's assistance, the capacities of machine building enterprises for the sugar industry are being increased, and specialized rail transport is being rebuilt and modernized; modern systems for controlling technological processes with the use of automation and computer hardware are being introduced.

The Soviet Union is taking an active part in developing the production and industrial processing of citrus fruit by delivering equipment and materials for the construction of packaging centers and berths for shipment and by reclamation work on plantations. The increased production of citrus fruit has enabled Cuba to increase exports of the fruit and processed products to the USSR and other CEMA member countries.

The scope of assistance in solving a most important problem for the country—training skilled personnel for the national economy—is significant. Cubans are not only being trained in Soviet VUZes, tekhnikums, and vocational and technical schools, but in courses organized directly at facilities involved in the cooperation. Soviet teachers and consultants are working in many of Cuba's educational institutions. Over 15 percent of the students in Cuba's vocational and technical training system are in the training centers equipped with aid from the USSR at this time; more than 100,000 specialists have been trained and 58,000 workers have acquired a skill in them over the years of cooperation.

Trade is the most important form of economic relations between the two countries. More than 70 percent of Cuba's commodity turnover goes to the Soviet Union. For its part, it has held sixth place in the USSR's commodity turnover in recent years after the GDR, Hungary, Poland, Bulgaria, and Czechoslovakia. The Soviet Union is the main supplier of goods that are vitally important for Cuba, chiefly raw materials, fuel, machinery and equipment. All of the oil and petroleum products imported by Cuba and 91 percent of the fertilizer, 94 percent of the food grains, 70 percent of the ferrous and nonferrous rolled metals, 70 percent of the trucks and cars, and 37 percent of the buses come from the Soviet Union.

The dynamics of the volume and the commodity structure of Soviet exports reflect not only the increased trade between the two countries, but the change in its quality

as well. Machinery and equipment and complete sets of items make up a larger proportion of our shipments. Fuel and raw materials, products of the chemical industry, and foodstuffs stand out as well. It is planned to expand the range of Cuban commodities shipped to the USSR in the current five-year plan with coffee, canned juices, and other goods.

It should be mentioned that preferential incentive prices have been set for Cuban unrefined sugar, nickel and citrus fruits in order to assist Cuba in developing its national economy. Commodity turnover will be increased by 32 percent in the 1986-1990 period, compared with the 1981-1985 period, reaching 45 billion rubles, including 25 billion for Soviet exports and 20 billion for Soviet imports.

Agreement was reached during the coordination of plans that the prices for Soviet commodities delivered within the framework of trade exchange as well as in accordance with the policy of economic and scientific and technical cooperation will be constant throughout the entire five-year plan (at the 1985 level). The same applies to the incentive prices for Cuban unrefined sugar. The measures established to update the assortment and increase the quality of commodities delivered by each side have been recorded in documents.

It was stressed during the meeting between M. S. Gorbachev and F. Castro in Moscow in November 1987 that the level of cooperation reached, which has made it possible to carry out many important tasks in establishing a material and technical base for socialism in Cuba, is now providing the opportunities to increase its effectiveness significantly.<sup>4</sup> Programmed documents which define the strategy for both countries' economic development, as well as their participation in integration processes within the CEMA framework, have already been approved and are in force. It is important today to fill the plans with specific substance, to activate the search for the best ways of realizing the goals that have been set, and to extend cooperation based on maximum utilization of the advantages of the socialist system of economic operation, taking national and international interests into account.

In particular, there is the question of establishing direct ties between enterprises and organizations and developing joint ventures and production associations. An important step has been made in this regard: agreements on the basic principles for establishing Soviet-Cuban joint ventures have been signed; one of them—for producing pectin—is in the practical study stage.

In the area of the agroindustrial complex, extensive study is needed to implement the national food program and to strengthen the material and technical base of agriculture in Cuba and the production of sugar, citrus fruits, and the products processed industrially from them. A comprehensive program for cooperation is needed in the production of derivative products from the

processing of sugar cane and for the development of capacities to produce lysine, furfural, protein-vitamin concentrate, and other types of products involving biochemical synthesis.

Development of a fuel and power complex requires that problems involving power engineering and the construction of nuclear power stations be resolved, that exploratory operations for oil and gas be expanded, and that their extraction and processing, as well as the storage, distribution and transport of petroleum products and natural gas, be increased.

The prospects for developing ferrous and nonferrous metallurgy make it necessary to look for the best alternatives to expand existing capacities for the production of nickel and cobalt and to establish new capacities, to modernize and expand the Jos Marti Metallurgical Plant, and to develop new capacities in ferrous and nonferrous metallurgy, including the extraction and processing of complex ores.

It is exceptionally important to further develop cooperation in machine building. An overall solution of the problems and a specific program to produce equipment to meet the requirements of Cuba's national economy and to extend its specialization and cooperation with CEMA member countries are necessary here.

Taking Cuba's natural environment and climate into account and the experience accumulated in the development of medicine, there are good prospects for developing a medical industry and pharmacology. A program is necessary for the industrial production of pharmaceutical raw materials based on local medicinal plants, medicines, and veterinary preparations for domestic needs as well as for export and to organize the production of individual kinds of laboratory equipment.

The problem of protecting the environment should become one of the important aspects of cooperation. Not so much the economic aspect as the moral and political aspects are important here, since protection of the natural wealth is an important element in the national dignity of every people.

A scientific concept of economic relationships between the two countries is being shaped in the process of Soviet-Cuban cooperation which proposes further extension of bilateral relations and more active inclusion of Cuba in the international socialist division of labor and integration processes within the CEMA framework.

#### Footnotes

1. See: "Kuba: stroitelstva sotsializma. Ekonomicheskiye i sotsialno-politicheskiye aspekty" [Cuba: Building Socialism. Economic and Sociopolitical Aspects], Moscow, 1983.

2. "I syezd Kommunisticheskoy partii Kuby. Gavana, 17-22 dekabrya 1975 g." [First Cuban Communist Party Congress, Havana, 17-22 December 1975], Moscow 1976, p 51.

3. "Sovetsko-kubinskiye otnosheniya—sotsialisticheskii internatsionalizm v deystvii" [Soviet-Cuban Relations: Socialist Internationalism in Action], Moscow, 1985, p 10.

4. PRAVDA, 7 November 1987.

#### **Cuba's Role in Latin American Regional Politics** 18070121 Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 88 pp 12-15

[Article by E. S. Dabagyan: "Integration Processes: Dictates of the Time"]

[Text] An event whose importance in Cuba's foreign policy has already been enhanced by time took place not long before the 30th anniversary of the revolution. This relates to the visit by President of the Council of State F. Castro to Ecuador (August 1988) for the ceremony marking R. Borja Cevallos' assumption of the office of president. The visit, which took place amidst extraordinary diplomatic and political activity, was significant because of a number of factors.

F. Castro's arrival in Quito and his talks and discussions with R. Borja and other state and political figures in the country signified an important step on the path toward consolidation of Cuban-Ecuadoran relations. In the unanimous opinion of both sides, the accession to power of a social democratic administration in Ecuador has provided favorable opportunities for this.

Both the official circles and the residents of Quito gave F. Castro an exceptionally cordial and hearty welcome. Ecuadorians expressed their sympathy with the Cuban Revolution and its leader with great emotion. The walls of the houses were bedecked with welcoming slogans. Wherever F. Castro appeared, he was surrounded by enthusiastic crowds everywhere and was constantly the center of attention. A striking display of the growing friendship between the peoples of both countries took shape in the form of a visit by the Cuban leader to the studio of the distinguished modern artist, O. Guayasamin.

F. Castro's press conference, in which he gave exhaustive answers to the many questions from Ecuadoran and foreign journalists, aroused considerable interest. It had broad international repercussions. The Latin American press gave wide coverage to F. Castro's visit to Ecuador and assessed the visit's results as the beginning of a new page in Cuban-Ecuadoran relations.

It is common knowledge that the head of the Cuban state had not traveled to South America for 17 entire years (the last time he went was to Chile in 1971). The visit to



Quito has to be viewed in the context of the changes that have taken place in the region in recent years. It will be recalled that Brazil and Uruguay resumed diplomatic relations with Cuba with the return to democratic institutions and forms of government in the countries in the southern part of the continent. The voice of the Latin American states demanding the repeal of the disgraceful decision excluding Cuba from the OAS began to resound more resolutely. This question was raised at the conference of "The Eight" (Argentina, Brazil, Venezuela, Colombia, Mexico, Panama, Peru and Uruguay) in Aca-pulco in November 1987. Now Ecuador has associated itself with this position.

The presidents of Argentina, Venezuela, Uruguay, Colombia, Costa Rica, Nicaragua and Cuba, as well as the vice-presidents of Bolivia, the Dominican Republic and Peru came to attend the ceremony marking the transfer of power. Because of the complicated political situation in Guatemala, President V. Cerezo was not able to attend. There is every justification to maintain that a new summit meeting actually was held in Quito. True, it was unofficial (there was no communiqué on its results). The distinguishing feature of this representative forum was the fact that its participants, who were not bound by an agenda set beforehand, were able to determine the range of questions discussed independently. But the most important factor was that because F. Castro and D. Ortega were present, political contacts at the highest state level were established for the first time by sides which had adhered to different—and in some respects opposing—ideological and political views. This is precisely the circumstance which enabled the Costa Rican newspaper *LA UNIVERSIDAD* to draw the conclusion that "the end has come for the cold war in Latin America, and the United States is no longer in a position to reanimate it."

F. Castro held talks and discussions with the highest state leaders of Argentina, Uruguay, and Venezuela, as well as Colombia and Costa Rica (Cuba has no official diplomatic relations with the last two). They were all held in a frank and friendly atmosphere and were marked by an active search for unified positions. R. Borja described the mood prevailing in Quito then as follows: "There are no reasons not to have a dialogue. For despite any differences, there is a common denominator—Latin America. Its specific interests can and should be protected by the governments of the region's countries." The theme of unity ran through all of F. Castro's speeches and statements. At the press conference in Ecuador's capital, he stressed that integration processes are the dictates of the time today. Sooner or later all Latin American leaders realize this. Even the more developed countries, such as those in Western Europe, for example, are uniting, and if Latin America does not proceed in this direction, it may become separated (here F. Castro resorted to a well-known historical analogy by using the definition "Balkanized" as a synonym for Latin American disintegration) and risk not playing a positive role in the next thousand years.

Diplomatic relations between Ecuador and Nicaragua, which were broken off by the Febres-Cordero government under direct pressure from the Reagan administration, were resumed in Quito during these days, contributing to the revival and reinforcement of the spirit of Latin American unity.

The contacts between two heads of state—F. Castro and Costa Rican President O. Arias—were exceptionally important; the effectiveness of further efforts to resolve the Central American crisis peacefully depends to a considerable degree on the positions of their states, and they began a fruitful dialogue. F. Castro congratulated O. Arias on being awarded the Nobel Peace Prize and gave a high assessment of his contribution to achievement of the Guatemala accords. He emphasized in particular that O. Arias' firm steps to stop the *contras*' activity in Costa Rican territory have helped to increase this country's prestige. The fact that the two leaders are personally acquainted was also of no small importance in the current complicated situation. It would be a mistake to draw the conclusion that there was unity of views on all the problems discussed, of course. As an example, there are substantial differences in interpreting the reasons for continued tension in the subregion. However, there is no question that such direct contacts can have far-reaching positive consequences for the future of Central America.

During the same days, F. Castro met and talked with prominent Latin American social democrats, including Socialist International Vice Chairmen (C. A. Prez) and (G. M. Ungo); (J. F. Peña Gomez), chairman of the Socialist International Committee on Latin America and the Caribbean; and J. Paz Zamora, leader of Bolivia's Movement of the Revolutionary Left. It is well known that these were not the first contacts of this kind, and that they occur with a certain regularity. The previous meeting took place in Nicaragua in 1986. The need for such a dialogue acquired theoretical substantiation in a number of fundamental speeches by F. Castro, particularly in the Report of the Central Committee to the Second PCC Congress. The discussion in Quito lasted for over 4 hours. In noting its constructive nature, (C. A. Prez) stressed that in spite of the profound ideological differences between communists and social democrats, they were proceeding from the urgent need to look for points of contact on the basis of pluralism and ways toward mutual understanding in the common interests of Latin America. The fruitfulness of the dialogue and the readiness for joint actions on a broad range of current problems, both those that are purely Latin American and those that are global in nature, were thereby confirmed.

Even a very brief analysis of the results of F. Castro's trip to Ecuador shows that Cuba's foreign policy course in the region is assuming new outlines and is characterized by the effort to take an active part in the process of Latin America's political integration.

F. Castro's visit, the warm and hearty welcome given to the leader of the Cuban Revolution by the residents of Quito, and his meetings and discussions with a number of heads of state and leaders of social democratic parties are irrefutable evidence of the steady increase in Cuba's international prestige in the Western Hemisphere and one more convincing testimony of the failure of American imperialism's attempts to isolate it from other countries on the continent and to prevent it from occupying its proper place in the family of Latin American peoples.

### **Cuban Actions in Angola Defended**

18070121 Moscow LATINSKAYA AMERIKA  
in Russian No 12, Dec 88 pp 15-18

[Article by P. V. Bogomolov: "Internationalism and Good Will"]

[Text] It is 14 October 1975 on the quiet and deserted border between independent Angola and Namibia, which is occupied by the RSA racists. Breaking the traffic barriers and demarcation signs of a sovereign African state, apartheid's regular troops make their appearance and rush into the heart of foreign territory. The interventionists have strong rear services and secret but very effective support from Washington.

The aggression increases. The Angolans' defeat begins to appear inevitable. In just 3 weeks the South African troops advanced more than 700 kilometers. At the same time, foreign mercenaries surrounded the capital of Luanda in the northern part of the republic. It was precisely then that Agostinho Neto, Angola's first president, was compelled to make an urgent appeal for military assistance to Cuba, whose sympathies have always been on the side of Africa's national liberation movements.

In answering the question of why Cuba responded to Agostinho Neto's appeal, let us point out not only the internationalist political thinking of the Cuban leaders, but the fact that the African element has always existed in Cuba's ethnography and culture and the African angle of approach has always existed in its political philosophy. The African accent in its foreign policy after it proclaimed independence was interrupted only temporarily because of the extreme narrow-mindedness of the political criteria of the antipopular puppet regimes which ruled in Havana. A distinctive echo of "the black continent" is apparent not only in the external appearance of millions of its citizens. Africa, and particularly Angola, began the entire system of vital views, principles and traditions which are rooted exceptionally deeply among the Cubans.

But the matter is far from being reduced to the ethnic aspects of the problem, of course. The main point is that the victory of the Cuban Revolution raised the relationship between the Island of Freedom and the African national liberation movement to a qualitatively new level—a class level. Havana's position also became

directly irreconcilable with regard to Washington's dangerous plans to knock together a military alliance in the South Atlantic between the racist RSA and the reactionary regimes in Latin America. From the very first days of its existence, socialist Cuba clearly proclaimed its principled policy of providing all kinds of support for the struggling peoples of Africa, including the Angolan people. For this reason, there was no "treachery by Havana" in the dramatic events in 1975, as Cuba's enemies repeatedly interpreted them.

The resolute support which the Cuban internationalist fighting men gave to the defenders of Angola made it possible to stop the advance of the RSA troops 200 kilometers from Luanda and to create the conditions for their subsequent expulsion from the country in March of 1976.

One would think that then, after the first victory over the aggressors, it would be possible to begin bringing the Cuban troops home. As a matter of fact, this is what they thought in Havana, too. And they not only thought about it, they acted. In August 1976, the evacuation of Cuban soldiers from Angola was begun. In less than a year the contingent was reduced by more than one-third.

But alas, this process was not destined to end then. The point is that in May 1978, RSA troops embarked on the next aggression in the Angolan region of Kassinga, and in the northeastern part of Angola, there was the threat of an assault landing by airborne troops from NATO countries.

In mid-1979, the Angolan and Cuban governments agreed to resume the withdrawal of Cuban units. However, in September of the same year, Pretoria's army opened a new front in the provinces of Cunene and Huila. In August 1981 there was another attack by the racists in Cunene and they occupied individual regions in it, as well as parts of Cuando Cubango Province.

However, despite all the obstacles and objective difficulties, Cuba persistently continued the search for a way out of the situation and undertook new attempts to bring about a political settlement of the conflict. Bilateral talks were held regularly with the Angolan leaders and other foreign policy actions were taken. The trilateral consultations by representatives of the foreign ministries of Cuba, Angola and the Soviet Union played a special role.

Cuba's enemies still maintain that condemnation of the Island of Freedom by the world community came close to forcing Havana to concern itself with this problem. The following fact convinces us that this is not so: a year after the beginning of the internationalist mission of Cuban troops in Angola, the largest mass international movement in modern times—the nonaligned movement—expressed deep gratitude in the decisions of its fifth conference in Sri Lanka to the Republic of Cuba and other states that helped the Angolan people to defeat the expansionist and colonial strategy of the RSA and its

allies. The condemnation of the aggressors which Angolan and Cuban troops fought against shoulder to shoulder was also contained in the well-known resolution of the UN Security Council, which was not put into effect because of Washington's veto. It also should be mentioned that the stay or the withdrawal of the Cuban troops in Angola is the prerogative of the two sovereign states—the People's Republic of Angola and Cuba. And this is in full accordance with the 51st article of the UN Charter.

The activity and dynamism of the constructive efforts by Cuban diplomacy in this region are not "hardened" or static in magnitude at all. On the contrary, they are visibly increasing right now, when the planet is being seized more and more by the new political thinking. Cuba and Angola are testing the beneficial effect of the changes taking place in the international arena. Flexibility, an inclination toward dialogue, and the ability to compromise even with enemies—all these factors have formed the basis of what in our view is the key stage at present in the process of settling the situation in Southwestern Africa, which is characterized primarily by the consistency and seriousness of the quadrilateral talks with the participation of the United States and the RSA and Angola and Cuba. These negotiations began in May 1988, and despite a number of obstacles, they are proceeding successfully on the whole, with a tangible return for all sides. A procedural peculiarity of the dialogue is that Angola and Cuba speak in this case with the same views, while the United States fills a kind of mediating role, according to the official interpretation. You cannot call it a "pure" mediator, of course: Washington is stuck deep in the quagmire of "constructive cooperation" with Pretoria.

There is no question that the current talks, as well as the unofficial consultations associated with them, differ from all the preceding stages in the settlement chiefly in the extent of the sides' real readiness to reach a compromise solution, although the racist regime is also attempting to reserve certain one-sided benefits for itself. Washington and Pretoria, which have not been able to dismantle the regime in Angola by force for 13 years (!), have agreed (at least in words) for the first time that the main subject of the quadrilateral talks should not become a concession by Havana at all, but the achievement of peace in the region, and then after that—the final withdrawal of Cuban troops.

And here are the first practical results of the forced "defiance" of the RSA ruling circles and their patrons: military actions ceased on Angolan soil on 8 August this year, and by 1 September, as established by participants in the dialogue, Pretoria's interventionist troops were withdrawn from Angola. Without any exaggeration, these are real victories for the new, much more patient, and what is important, a more sensible approach to the situation that took shape here.

At first glance, we can now begin discussion of the topic of a schedule for the forthcoming withdrawal of the Cuban internationalists from Angola. And this is being kept in mind, of course. But we cannot overlook the fact that at least two serious obstacles still remain on the path toward the evacuation of Cuban military personnel. First of all, the United States does not want to give up direct assistance to UNITA [National Union for the Total Independence of Angola], the armed separatist group of mercenaries who are engaged in antigovernment operations in the interior of Angola. And secondly, the problem of the main springboard for aggression against Angola, the neighboring republic of Namibia, remains an open question. This is the eighth decade that this country, very rich in natural resources, has been under the RSA's occupation. Quite recently, Pretoria refused to examine this painful question. Now the racists have been forced to discuss it and have even given their promise in the talks that they are prepared to begin settlement of the Namibia problem as of 1 November this year on the basis of UN Security Council Resolution 435.

But can this promise be considered a firm guarantee? You will not have an unequivocal answer here. After all, on one hand, the RSA ruling circles are really aware that it is impossible to disregard the decision of the world community on Namibia henceforth. But on the other hand, they are fully able to turn the desired settlement into a cheap spectacle.

It must be said that Havana is assessing this prospect objectively. It, as well as Luanda, is proceeding from the assumption that, in order to establish real conditions for the internationalists' withdrawal in stages from Angola, what is necessary is not propagandistic camouflage, but firm guarantees for Angola's security, reinforced by the appropriate commitments from Washington and Pretoria. This is dictated by bitter experience. After all, the 13-year war by the racists and their accomplices against Angola has already resulted in 60,000 victims and damage in excess of 12 million dollars.

The emissaries of the United States and the RSA are insisting on giving priority to implementation of the schedule for the forthcoming withdrawal of Cuban troops, making the negotiations more difficult. In the fall of 1988 they attempted to achieve real results in resolving this question as quickly as possible. Why? It is thought that representatives of the Reagan administration were not eager to come to the November presidential election with a propaganda loss.

Cuba and Angola reject on principle any link between resolution of the question of independence for Namibia and the Cubans' fulfillment of their international duty in Angola. This position is fully supported by the international community. At the same time, in the interests of expeditious implementation of UN Security Council Resolution 435 on the decolonization of Namibia, the governments of Angola and Cuba have reaffirmed their



readiness to resolve the question of the withdrawal of Cuban troops when all provisions of the resolution are strictly carried out by the other side.

The path of settlement in Southwestern Africa is long and difficult. It will probably continue to have plenty of twists and turns. But one thing may be stated with confidence today: socialist Cuba has shown itself, in this region remote from its borders, to be both a reliable comrade-in-arms for those who become victims of aggression and a constructive, sober-thinking partner in settling a conflict on a just basis.

#### **Cuba's Gossovet Deputy Chairman Interviewed on Economic Situation**

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[Interview with Carlos Rafael Rodríguez, member of the Politburo of the Cuban Communist Party Central Committee and deputy chairman of the Gossovet [State Council] and Council of Ministers of the Republic of Cuba, by LATINSKAYA AMERIKA's own correspondent in Cuba, A. A. Sukhostat: "We Are Proud of What Has Been Done and We Know There Is Even More Work Ahead"]

[Text] [Sukhostat] The Report to the Third Cuban Communist Party Congress states that "a new and qualitatively higher stage in the revolution" has been begun. And further: "The training stage should pass into the past once and for all. The time has come to make use of all the vast experience and knowledge accumulated during the years of revolution." It appears that this approach has been embodied in the process of correcting mistakes and negative trends. Could you describe this in more detail, taking into account the new features that emerged after the Third Congress?

[Rodríguez] I would say that the struggle to carry out this process, which we have been called upon to do by the first secretary of our party's central committee, has two inseparably linked aspects. On one hand, this means putting an end to the deviations permitted in the past from the socialist principle of "from each according to his ability, to each according to his labor," in conformity with its quality and amount. On the other hand, our goal is to raise the level of conscious participation by citizens, chiefly the working class, in building socialism in such a way that individual and collective consciousness fulfill their functions, and more effectively, which would help to mold the person in a socialist society, in the completeness of this concept, by moving closer, step by step, to those qualities which the citizen will possess in the next stage of communism.

We believe that we have moved ahead in this direction. With the help of the working class, we are correcting the mistakes permitted in connection with wages and the unrestrained and unscrupulous use of different kinds of additional payments and bonuses. A great deal still

remains to be done, of course. Not only managers, but those who are being managed, are gradually becoming conscious of the concept of production costs. As Comrade Fidel Castro noted, exposing costs everywhere is becoming one of the workers' concerns. Together with this, the principle of resource economy is being introduced and the criteria of socialist profitability are assuming priority importance. As a result, the Third Conference of Havana Enterprise Managers was completely different in nature from the preceding ones. There, attention was drawn to the errors, and here, an assessment was made of the effort to correct them. It now depends on the economic and political leaders to ensure that this growing movement is not cut short because of routine and phrase-mongering—our two main enemies.

As far as the restoration of one of the determinant factors in building socialism—consciousness—is concerned, a great deal has been accomplished here as well. The systematic struggle against the false notion that a substantial change in the economic organism and improvement in our social system can be achieved by the effect of economic mechanisms alone has been successful. The revival of voluntary labor as a most important element in the socialist way of life and as the workers' contribution to the building of a new society has been welcomed with enthusiasm by the majority of the people. Microbrigades have been reappearing in all corners of the country. Today they are playing a decisive role in building different social projects in Havana—not only housing, but hospitals, polyclinics, kindergartens, maternity centers, facilities for family doctors, and so forth.

[Sukhostat] Under the plan for the 1986-1990 period, the Cuban economy should have an annual rate of growth of 5 percent. What is the state of affairs today? What problems are arising in implementing plans?

[Rodríguez] We cannot say that the plans to develop the national economy are being fulfilled. This is related to a number of subjective and objective factors. Among the subjective factors are some that we must rid ourselves of. And we are now engaged in this in the process of correcting the errors and negative tendencies. But nothing can be done about certain objective factors.

In the past 4 years, for example, the amount of rainfall over the entire country has been disastrously small. The total amount has been just barely enough for a year. This has led to a cutback in sugar production. In the 1981-1982 and 1983-1984 periods we had "8-million" sugar crops, but as a result of the drought we had to come down to the mark of 7.1 million tons, which could not help but affect the condition of the economy as a whole.

Negative foreign economic factors also had an effect. We are not trading with the United States because of the blockade. Also, we do not have the opportunity to use the dollar as foreign exchange in view of the legal

restrictions imposed by the Americans. We are dependent on the European countries and Japan in the deliveries of investment commodities, and we have to use their currencies to pay for imports; this infringes upon our interests because of the dollar's devaluation. I will illustrate with an example. Previously, for 1 dollar obtained from the sale of sugar or nickel (our exports to capitalist countries are valued in dollars), we received 234 yen, but today we receive only 143. The same thing happens with the West German mark and the Swiss or French franc. This makes imports appallingly more expensive and affects the foreign debt, which has increased by more than 40 percent.\* (\*Footnote: According to the National Bank of Cuba, it amounted to 5.657 million dollars in 1987.) Meanwhile, the prices for the basic commodities exported by Cuba are held at a low level. Our exports to capitalist countries are increasing very slowly because of the difficulties of building up the world market itself in the process of developing them, as well as because of the relative sluggishness of our production workers, who have not been able to resolve many problems related to product quality and production efficiency thus far.

All these internal and external factors had a most negative effect in 1987, when the gross national product dropped by 3.5 percent compared with 1986. All the same, this year was not so very bad; after all, we managed to achieve good results in turning around the process of correcting economic mistakes.

In view of the fact that the external factors which continue will still hamper the development of our economy for the next 2 or 3 years, we have been forced to reduce imports from capitalist countries to a minimum. Today they are valued at 740 million dollars, whereas in the past they reached 1.2 to 1.5 billion.

However, it must not be forgotten that our basic economic and political relationships are being developed with the socialist countries. And the situation here is completely different. The collective Concept of the International Socialist Division of Labor approved by CEMA guarantees that appropriate exchange conditions will be maintained in forthcoming years: the USSR and other socialist states will maintain prices for our basic export products (including for sugar) which are higher than the ruinous prices which exist in the world market.

It can be stated now that our country's economy has been developed in the first half of 1988 with significantly greater success than last year. The rate of growth in commodity production was 4.2 percent, compared with the corresponding period in 1987, and it was somewhat higher—0.4 percent—than the results of the first 6 months of 1986.

[Sukhostat] It is clear from the materials of the party's Third Congress that Cuba intends to raise the standard of living exclusively on the basis of developing and improving the economy and its own resources. Could you dwell on this in a little more detail?

[Rodríguez] I would not say exclusively through our own resources. Autarky is not a possibility for us. We are compelled to import—basically from the socialist countries—equipment, enterprises, and even food which cannot be produced in our climate. The main objective is to depend primarily on our own efforts.

And we are proceeding on this path. Improving the work of the economic mechanism, increasing labor productivity, improving product quality, raising the socialist profitability of the economy—these are the goals and directions of the activity outlined at the Third Congress and which have been developed in the struggle to correct errors and negative tendencies. We are struggling to bring the country out of underdevelopment and backwardness by overcoming our hardships and shortages. It is sufficient to look at Cuba 30 years after the victory of the revolution to realize the great changes that have taken place in the economic structures and public life. These are two different worlds—the previous one and the one being shaped today. We are not content with what has been achieved... We are proud of what has been done and we know that there is even more work ahead.

[Sukhostat] The socialist economic integration of CEMA member countries is a developing organism and the search for its own distinctive path, which probably will never be a direct one, is continuing. How is this process proceeding as far as Cuba is concerned?

[Rodríguez] I can say that CEMA has approved, together with the collective Concept of the International Socialist Division of Labor, special programs for accelerated development in Cuba, Vietnam and Mongolia. These programs establish our goals right up to the year 2005 and are based on specific bilateral agreements concluded with the Soviet Union, the GDR, Czechoslovakia, Bulgaria and other countries. In our view, what is most important in these agreements is the fact that they are aimed at qualitative acceleration of development. It is proposed that Cuba not only increase the production of sugar, nickel and citrus fruits, but develop such advanced sectors as electronics and biotechnology (which is already being done). We will reinforce the ties that exist in the field of machine building as well.

**Lessons of Cuban Economic Reform Efforts**  
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in Russian No 12, Dec 88 pp 23-29

[Article by Yevg. Bay and V. Borisov: "Renovation"]

[Text] The authors of this article had the occasion to work in Cuba during different periods in the formation of its new society. We witnessed how, after the First Communist Party Congress (1975), the Cubans added to their armory the methods of economic operation tested in practice by other socialist states, how in overcoming the idealism of the first years after the revolution they

began speaking for the first time about economic methods of control and incentive, and how the words "profitability," "cost accounting," "budget," and "production cost" entered the vocabulary of economic managers.

The spontaneous impulse and aspiration to resolve all problems as quickly as possible at one stroke grew into the painstaking daily work of building socialism.

It would appear that the correct course was chosen. However, the process of introducing a fundamentally new economic mechanism, based on the System for Managing and Planning the Economy (SDPE) has been proceeding in a rather complicated manner, painfully and contradictorily. The lack of experience, the fact that many economic managers were unprepared to break the stereotypes of conduct, and the inconsistent and uncoordinated nature of the reforms being made had an effect. In making it possible to achieve certain progress in development of the national economy and to resolve a number of urgent social problems, the SDPE, which is oriented toward cost accounting, engendered new contradictions and difficulties.

The Third Communist Party Congress, which was held in two stages (February and December 1986) honestly and openly acknowledged the many serious shortcomings which had come to light over the past decade. They included a slow pace in increasing exports and substituting imports, the low utilization of production capacities, the dissipation of resources, and as a result, the "extended construction period" and "incompleted work" which are very familiar to us, an increase in bureaucracy and overstaffing, upward distortion of results achieved, misappropriation, and the development of a consumption attitude toward society.

The drafting of a comprehensive program of measures aimed at overcoming mistakes and negative tendencies in socialist construction resulted from a nationwide discussion. For brevity the Cubans call it "rectification"—correction.

To a significant extent, the ideological basis for this "purification process" is the legacy of Ernesto Che Guevara. The 60th anniversary of his birth in June 1988 was widely observed not only in Cuba but in the Soviet Union and many other countries. One of the most popular revolutionary and political figures of our time, Che Guevara has gone down in history as a prominent theoretician in building socialism in Cuba, taking only its distinctive features into account. His principal thesis is that it is impossible to make a transition from capitalism to socialism just on the basis of the reproduction of material wealth alone, without reinforcing consciousness and overall development of personality. Being a realist, Che Guevara did not deny the importance of economic incentive as an "excellent lever" to increase labor productivity, but at the same time, he attached vast importance to the moral factor, revolutionary consciousness and unselfishness. He was deeply convinced that it was

precisely these principles, morality and readiness for self-sacrifice which would turn Cuba, which was essentially an American colony in the past, into a socialist state. Che constantly warned that unless all the necessary political, economic, organizational and legal conditions and a mechanism for verification and control are established, assigning primary importance to the principle of material incentive in economic construction is risky.

As experience has shown, Che's misgivings were not unfounded. Excessive enthusiasm for economic incentives and the belief that new limits in social development can be reached only with the help of money led to a certain disregard for the "human factor," the emergence of phenomena far removed from the principles of socialist morality, elements of social injustice, and distortion of the very basis of distribution relationships under socialism.

Let us take what in our view is one of the most eloquent examples. In the early 1980's, a wage reform was put into effect in Cuba. However, with the retention of the long outdated indicators for labor intensiveness and efficiency, which do not correspond to the extent to which enterprises have been provided with modern technological equipment and the level of mechanization and worker skills, its increase came into conflict with the actual production efficiency. The output norms were lowered so much that, in the words of F. Castro, they had a "weakening and amoral" effect on the workers, who doubled or even tripled fulfillment of the norm without any work. As a result, many of them began receiving substantial increases in their wages in the form of bonuses and other payments, without taking their actual labor contribution into account. This in turn led to bluffing and machinations in reporting, serious violations of labor discipline, and parasitism. "We are sliding downhill morally with all the inevitable economic and political consequences that follow from this," F. Castro said of this phenomenon.<sup>1</sup>

Another clear confirmation of the unnecessary haste on the threshold of the 1980's was the situation which involved the so-called "free farmers markets."

Their development in Cuba, following the experience of other socialist countries without taking national characteristics into account, led to the setting of artificially high prices; it was an obstacle on the path toward cooperation among the peasants and engendered a tendency toward mercenariness and enrichment at the cost of the public.

Under the conditions of a shortage of agricultural products, many individual peasants who possess plots of land that are quite large (in Cuba the maximum size of a personal plot of land is 67 hectares), and chiefly the speculators and middlemen who practically monopolized the market, began acquiring huge profits, sometimes more than 50,000 pesos annually.



By taking advantage of the lack of proper control by state organs and the people's unmet demand for many consumer goods and certain kinds of services, the number of persons who obtained illegal incomes from showing "private initiative" increased substantially (owners of private trucks, handicraftsmen who use stolen raw material and materials to produce different kinds of consumer items in short supply, certain employees in the public sector, and so forth).

Under the conditions that had developed, the Cuban leadership made the decision to close the "free farmers markets" in May 1986 at the suggestion of representatives of agricultural cooperatives.

At the same time, a struggle against mismanagement, theft, and harm inflicted on state property was extended throughout the country. A law "On the material responsibility of managers, employees and other workers," which provides for the payment of monetary compensation for damage caused to an enterprise or organization, came into force. Administrative and criminal proceedings were brought against certain economic managers for bribery and the use of their official position for mercenary ends. "Black market" operators and "bands of middlemen" who were caught in stealing and speculation were arrested and will appear in court. The activity of many underground shops engaged in private enterprise was prohibited as well.

Without denying commercial trade and individual labor activity in principle, our Cuban friends correctly believe that it is necessary for their development first of all to develop organizational and legal mechanisms and to introduce economic levers which make it possible to bring incomes into conformity with actual labor inputs.

However, all this does not mean that the importance of the SDPE that had been introduced was completely nullified in recent years. In the view of the Cuban leaders, they cannot permit extremism now and destroy the system that was developed without creating an appropriate replacement for it. In assessing the SDPE as "a lame and overworked nag," the Cubans believe nevertheless that for the present "nothing they have available is better than our horse."<sup>2</sup>

What has become the main objective in the present stage of development is to bring elementary order to production, eliminate the violations and defects that existed, and establish conditions for the more complete inclusion of economic levers and mechanisms. The successful combination of material and moral factors and the organic unity of efficient methods of economic operation and purposeful political education work, which Che Guevara called for when he correctly said that the building of socialism is for man's sake, not some kind of abstract idea, acquires primary importance in this process.

In order to overcome negative manifestations in the country, the Cuban Council of Ministers adopted the "Plan for measures to eliminate administrative violations, mistakes and shortcomings in the system for management of the national economy" in mid-1986. It consists of two parts: the first one includes the priority, urgent tasks, and the second one contains the long-range objectives.

The "National Commission for Management of the Economy," created in accordance with the decision of the party's Third Congress, was called upon to become the coordinating organ. Questions related to management of national economic activity, the drafting of recommendations to improve the SDPE, provision for unity of actions by ministries and departments on management matters, participation in the development of conditions for economic agreements, and the study of economic activity in other socialist countries are under its jurisdiction.

Several groups have been established within the commission: on labor, wages and economic incentive, the organizational structure of enterprises, planning, capital investment, material and technical supply, the credit and finance system, information and control, quality and consumption, personnel policy, and improvement of the state apparatus.

The organizational structure of ministries is being changed and their sectorial administrations are being eliminated (the latter's functions are being transferred to production associations). Scientific research institutions which are engaged in applied science problems will be included in the associations as well.

Investment policy is being amended. Priority is being given to the projects already begun in the strict sequence of their construction. More attention is being given to reduction of production's consumption of materials and energy, reduction of losses and above-norm stocks, and increasing machinery and equipment use capacity. A program to economize all types of resources, primarily those being imported from capitalist countries, has been worked out and is being implemented. About 760 of Cuba's largest enterprises have been covered by it already.

With the active participation of the workers, measures were implemented at most of the country's enterprises in the 1986-1988 period to put wages in order and to revise output norms, basically upward. A decision was adopted before reorganization of the bonus system was completed to put a stop to the payment of bonuses. Specialists estimate that a savings of 15 percent has been made in the wage fund as a result.

Discipline in production is being reinforced everywhere. Unproductive inputs of work time have been reduced from 30 percent to 15 to 20 percent in industry and from 50 percent to 30 to 35 percent in agriculture. It was decided to hold all conferences, meetings and assemblies outside of work time.

The process of optimizing excessively inflated staffs is under way. In order to eliminate bureaucratism, formalism, an "office" style of management, and unnecessary paper-shuffling, steps were taken to eliminate 20,000 persons from the administrative and management apparatus in 1987 alone. Thus, at the thermal electric power stations in the cities of Matanzas and Felton, for example, the number of workers was reduced from 650 to 250 and from 800 to 375 by efficient labor organization. Instead of 1,400 associates in the scientific research center of the Cuban Academy of Sciences, there are now 600. The flow of reporting information from enterprises to higher organs has been sharply reduced. In order to increase the effectiveness of socialist competition, the number of types of it has been reduced to two (there were previously about 100 for individual sectors): for the "Hero of Moncada" banner (physical production) and for the title "Model Enterprise" (in the fields of services, education, and trade).<sup>3</sup>

Considerable attention is being devoted to improvement of personnel policy. Thus, in the course of the reconfirmation of party members, which has been under way in the country in recent years, strict measures were taken with respect to lethargic, sluggish and irresponsible managers. Roughly half of the management unit of Cuban trade unions has also been replaced. At the same time, young, skilled specialists with initiative are being promoted to responsible posts. The representation of women and ethnic minorities in party and state organs is being expanded.

An important element in the "rectification" policy is the objective of achieving greater social justice and bringing the entire system of distributive relationships into conformity with the real capabilities of Cuban society.

A decision was made to cut back the use of a number of economically unsound preferences and privileges. Beginning in 1987, free lunches for employees of state institutions and all kinds of free meals in workers' lunch rooms were discontinued everywhere. The fleet of state automobiles has been reduced, and the "extras" were sold for cash to employees of these organizations. The norm for allocation of gasoline for state motor vehicles used for official purposes has been reduced by 20 percent. A decision was made to shift all national holidays to self-financing.<sup>4</sup>

The attention of our Cuban friends to the solution of critical social problems has also increased in the process of "rectification."

The practice of erecting housing and other facilities for social and everyday use with the forces of construction microbrigades, which was wrongly abandoned in the early 1970's, has been revitalized and is now being introduced everywhere in the country. As of the beginning of 1988, there were more than 30,000 persons in microbrigades in Havana alone. More than 1,500 facilities are being built and renovated by them in the capital.

This method of "people's construction" is contributing to the solution of a number of problems. The pace of construction is being speeded up and the quality is improving. Some of the facilities that have been built, chiefly housing, are being allocated to enterprises, which distribute them among their employees. Labor productivity is being increased by carrying out the same volume of production assignments with less people.

While previously no more than two or three nursery schools were commissioned each year in Havana, this figure has been increased by several times as much, basically through the efforts of the microbrigades. In 1987 alone, 54 nursery schools to accommodate 11,500 children were built in the Cuban capital. Big plans such as these were made to build children's preschool institutions in 1988 as well. Their completion will make it possible to meet everyone's needs and to remove this rather critical social problem from the agenda.<sup>5</sup>

The microbrigade movement is meeting with wide support among the people. In 1987 alone, more than 400,000 residents of Havana, which has a population of about 2 million, worked without compensation for no less than 40 hours each to build different social projects.

The work of so-called "family doctors" has become a fundamentally new form of primary medical assistance. Conducted within the framework of a national program, it has been called upon to become an important element in further development of the public health system and a main link between the hospitals, polyclinics, and the public.

The work of the "family doctor" is based on the territorial-production principle. He serves part of a city district or a settlement, an agricultural cooperative or an enterprise. Each such doctor accommodates about 120 families. His principal task is to look after the health of all family members, take preventive measures, monitor adherence to rules of hygiene, and provide primary medical assistance.

There are about 4,000 "family doctors" in the country at present, serving about 28 percent of the population.

...

Of course, it would be naive to think that the struggle begun by our Cuban friends to renovate all areas of the society's life can be won with one blow, like a "cavalry attack." This is not a temporary campaign pursuing momentary interests, but a strategic offensive, long, painstaking work that does not tolerate haste and premature decisions. The Cubans believe that prudence, caution, and thorough substantiation for the steps undertaken are the principal requirement in making the transition to new forms of management and organization of the national economy as a whole.

In this connection, in closely studying the experience of economic construction and political reforms in other socialist countries, the Cuban leaders by no means seek to blindly imitate it under Cuba's conditions. There is no question that the efforts of fraternal countries to improve the economic mechanism have yielded positive results in far from all cases. The point of view that the experience already approved in other states may not only not have a beneficial effect on Cuba's development, owing to a number of specific features of the country, but may turn into new problems is a legitimate one, in our view. The Cubans have made a considerable number of their own discoveries in the course of socialist construction. They are completely satisfied with their electoral system, which is considerably different from the one existing in most socialist countries at present, and they are proud of their public health system, which is superior to our "health service" in many parameters, and of their achievements in culture. We have often borrowed the experience of our Cuban friends lately. But after all, several years ago our acknowledged medical luminaries expressed lack of confidence in the practice of "family doctors" which we mentioned.

"The USSR and Cuba have different histories," F. Castro noted in his recent press conference in the capital of Ecuador. "They are faced with different problems. So why should we resolve them in the same way?"

At the same time, the Cuban leaders resolutely criticize the campaign unleashed in the West aimed at introducing a split in Cuban-Soviet relations. F. Castro noted that relations between the leaders of our parties and states and between our peoples are excellent now, adding that they are relations of complete glasnost, openness, and mutual trust and respect, and no one will succeed in casting a shadow on them.

The renovation of all areas of Cuban society is an extremely complicated and multifaceted process which is still just beginning. It is important that our Cuban friends consider the extension of democratization of public life, more active participation by the people in managing state affairs, reinforcement of public organizations, and an increase in the role of the press in society to be some of the main conditions in implementing the plans that were outlined. A long and difficult path lies ahead. The Cuban leaders' efforts often encounter secret resistance, sluggishness and inertia, irresponsibility and indifference. But the enthusiasm with which all the people have joined in the struggle give us reason to believe that these efforts will be crowned with success. "We firmly believe in socialism," F. Castro stressed at a mass meeting in Santiago de Cuba on the 35th anniversary of the storming of the Moncada barracks, "because socialism has transformed our country and our lives, and because socialism has made us the masters in our country."

#### Footnotes

1. GRANMA, Havana, 22 July 1986.

2. LATINSKAYA AMERIKA, No 1, 1988, pp 12, 16.

3. GRANMA, 15 January and 9 February 1988.

4. LA NACION CUBANA, Havana, No 3, 1987, pp 47-50.

5. GRANMA, 31 December 1987; RESUMEN SEMANAL, 10 January 1988, p 3.

#### Soviet Contributions to Cuban Scientific Development

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[Article by Petr Aleksandrovich Gaydukov, senior associate of the Scientific Cooperation With Socialist Countries Administration, USSR Academy of Sciences: "On the Front Lines of Scientific Research"]

[Text] After the victory of the revolution, science was given powerful impetus in development and became the concern of the state. The country's leading scientific institution, the Cuban Academy of Sciences, was established in February 1962. In recent years its activity has been oriented toward overall development of basic and applied sciences. At present, 67 scientific centers and institutes are operating in the Cuban Academy of Sciences system; they employ about 40,000 people, including 150 with doctorates and over 1,000 of whom are candidates of sciences.

Cuban scientists have made a significant contribution in the development of such sectors of the national economy as the sugar industry, livestock breeding, biotechnology, and nickel and cobalt mining; they participate directly in the production and utilization of new types of computer equipment and the development and introduction of national systems of planning, norm setting, metrology, quality control, and so forth.

Soviet-Cuban scientific collaboration has a long tradition. It rests on a firm contractual basis: it is sufficient to mention the permanent agreement on scientific collaboration signed in October 1968, the agreement on joint patent and licensing activity, and the agreement on cooperation in scientific instrument building of 1977.

The Soviet Union is providing assistance to Cuba in organizing research in different scientific fields, chiefly those associated with the national economy. Our help in training scientific personnel is of considerable importance. Under an agreement at the intergovernmental level, Cubans receive on-the-job training and take part in graduate study in institutes of the AN SSSR [USSR Academy of Sciences]; more than 80 candidate dissertations have been defended by them to date. Dissertations are defended by Cuban specialists in their country as well.



The plan for collaboration between the academies in the 1986-1990 period was signed in Havana in 1985. It provides for broad cooperation between the scientists of both countries involving more than 100 scientific subjects. Particular attention has been devoted to the development of computer hardware, automated control and planning systems, and automation of scientific research. Theoretical physics, nuclear power engineering, microbiology, biology, biotechnology, geology, and geophysics are the priority directions for collaboration. In the social sciences, the emphasis is on the study of Latin American and Cuban history, the history of philosophy and of the region's economic problems.

Important tasks have been set for the academies by the Comprehensive Program for Scientific and Technical Progress of the CEMA Member Countries up to the Year 2000. In particular, joint committees on cooperation in the social sciences and natural sciences, formed in 1969 and 1979, respectively, have been called upon to play an active role in carrying them out. The committee sessions discuss important matters in collaboration, prepare recommendations to improve it, and review progress in carrying out joint working plans.

A great deal has already been written about the practical results of the cooperation. Let us cite just a few facts. The Radio Engineering and Electronics Institute of the USSR Academy of Sciences, together with the Geophysics and Astronomy Institute of the Cuban Academy of Sciences, are engaged in work on the subject "Development of a Correlated Statistical Model on Radio Interference." A fundamentally new apparatus for recording the natural emissions of lightning has been developed and manufactured. A highly sensitive seismic station was put into operation in Cuba in 1982. Results of the research are utilized in building large facilities for the national economy, such as the "Juragua" Nuclear Power Station. In order to optimize construction under conditions of increased seismic activity (basically in Oriente Province), detailed maps of earthquake zones have been made and recommendations have been worked out to develop a network of seismic stations through the efforts of the Geophysics Institute of the USSR Academy of Sciences, the Geophysics and Astronomy Institute of the Cuban Academy of Sciences, and the Institute of Earthquake-Proof Construction and Seismology of the Tajik SSR Academy of Sciences.

At the University of Havana, associates of the Physical and Technical Institute of the USSR Academy of Sciences have developed a module for a solar power station and have conducted the first full-scale tests, demonstrating the high efficiency of Soviet generators under conditions of high humidity and operating temperature. Improvements in their structure were made during the tests. The Chemical Physics Institute of the USSR Academy of Sciences, together with Cuba's National Center for Scientific Research, have published over 10 articles on the subject "Chemical Kinetics and Fermentation" and have prepared several degree candidates. Results of

scientific studies, such as on the purification of sugar solutions, are being introduced in industry. Soviet and Cuban biologists are collaborating actively. They have assembled and summarized extensive data on the seasonal biological processes of fish in the pike and mackerel families (*Istius nebulosus* i *Stavrididae* ryby) which are found on Cuba's ocean shelf. The Center for Gene Engineering and Biotechnology opened in Cuba in 1986. Important matters related to the development of biotechnology and participation by our specialists in working out problems in this field were discussed in a meeting with Soviet scientists.

Considerable work has been done in putting together a model of a geological map of Cuba. Specialists from the Geology Institute of the USSR Academy of Sciences took an active part in developing it. A similar geomorphological map was made of Pinar del Rio Province, needed in planning economic development of new regions.

Cooperation between social scientists is being developed successfully as well. Joint works such as the following have been published since 1975: "The Methodology of Scientific Knowledge," "Russian-Cuban and Soviet-Cuban Relations from the 18th to the 20th Century," "Foreign Monopolies in Cuba, 1898-1958," "The Culture of Cuba," "Courage and Brotherhood," and "Soviet-Cuban Relations, 1917-1977." Cuban researchers made an important contribution in the preparation of the two-volume encyclopedic reference "Latin America," published by the ILA [Latin America Institute] of the USSR Academy of Sciences.

Since 1978, under an agreement between the USSR and Cuban Academies of Sciences, joint research has been conducted on the project "Prospects for the Socioeconomic Development of Isla de la Juventud [Youth Island]." The first stage of the research, the goal of which was to work out scientifically substantiated alternatives for the island's social and economic structures, has been completed. The "Comprehensive Study of the Prospects for Socioeconomic Development of Isla de la Juventud" which was prepared has been assessed highly by the Cuban side. A practical check of the alternatives proposed, as well as estimates for financing, manpower and material resources, are planned for future stages; the work will be carried out on a contract basis.

The Philosophy Institute of the USSR Academy of Sciences and the Department of Philosophy of the Cuban Academy of Sciences have prepared the first volume of the basic work "Bourgeois Philosophy in the Countries of Latin America" and work is actively under way on the second volume. At the same time, philosopher-scientists from both countries are working on the problem "The Unity of Scientific Knowledge." The Economics of the World Socialist System Institute of the USSR Academy of Sciences, jointly with Cuban scientific centers, has prepared the monograph "Cuba in the International Socialist Division of Labor." Scientists

from the Latin America Institute, with the participation of Cuban researchers, have published the works "Soviet-Cuban Relations" (Part III), "International Relations In Central America and the Caribbean Basin," and "International Monopolies in Latin America." The Ethnography Institute of the USSR Academy of Sciences and the Historical Research Institute of the Cuban Academy of Sciences have prepared the collections "The Ethnography of Cuba," "The Ethnography of Cuba's Rural Population," and "Matanzas Province," which are like stages in the publication of an ethnographic atlas of Cuba (in accordance with the plan, it will be prepared by 1990).

The General History Institute of the USSR Academy of Sciences and a Cuban institute mentioned have begun work on the subject "Criticism of Anti-Marxist Concepts of the History of Cuba." Working relations have been organized between Cuban scientific centers and the World Literature Institute imeni A. M. Gorkiy, the Language Institute, and the Archeology Institute of the USSR Academy of Sciences and the academy's Africa Institute, Oriental Studies Institute, and Far East Institute. An agreement has been reached on cooperation between Cuban scientific organizations and the IMEMO [World Economics and International Relations Institute] of the USSR Academy of Sciences.

During his stay in Cuba (January 1988), Academician G. I. Marchuk, president of the USSR Academy of Sciences, held talks with Doctor R. E. Simeon Negrin, president of the Cuban Academy of Sciences. They took place in a spirit of fraternal friendship and complete mutual understanding. The sides noted the important role of cooperation in developing scientific potential and defined the prospects for joint research in the fields of biotechnology, ecology, seismology, laser technology, robotics, and other fields, research in radio wave propagation, and the development of scientific instruments. The need to make the transition to new forms of cooperation more active was mentioned at the same time.

A regular session of the USSR Academy of Sciences and Cuban Academy of Sciences Commission on Cooperation in the Natural Sciences was held in Moscow in September 1988. Results of cooperation between the academies were summed up, and questions related to the use of scientific potential in carrying out the tasks of the Comprehensive Program for Scientific and Technical Progress in the CEMA Member Countries, the long-range program for developing economic and scientific and technical cooperation between the USSR and the Republic of Cuba in the period up to the year 2000 and the concept for development of foreign economic relations between the two countries for the next 15 to 20 years were examined. The plan for the problems and topics to be dealt with in scientific collaboration in the 1986-1990 period was made more specific and supplemented.

Cooperation between the scientists of the two countries gives dynamism to scientific research and brings it to new fronts in accordance with modern requirements.

Joint research on urgent scientific and applied problems is promoting more expeditious solution of economic development problems in the interests of the fraternal peoples.

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**Prospects for Democratic Regime in Paraguay**  
18070116 Moscow KRSNAYA ZVEZDA in Russian  
8 Feb 89 First Edition p 3

[Article by Yu. Sigov: "The Dictator Has Been Overthrown. What About the Dictatorship?"]

[Text] There was an exchange of gunfire between the soldiers of the First Army Corps and the National Guard in Asuncion, the capital of Paraguay, in the night on 2 February. After the bloody skirmish (according to foreign news agencies, more than 200 people died), the troops occupied the presidential palace and arrested "the oldest caudillo in Latin America," 76-year-old General Alfredo Stroessner, who had ruled the country continuously for 35 years. The knock-out punch was delivered by a man who seemed to be his most loyal aide, General Andres Rodriguez.

The events in Paraguay seem all the more unexpected in light of the 89 percent of the vote Stroessner gathered in so-called "free elections" last year. It is true that the news of a secret meeting in the villa of 66-year-old General Rodriguez, who had decided to unite all of the "discontented" for the purpose of establishing "genuine democracy" in the country, was leaked to the press at that time.

Stroessner sensed that his "loyal aide" was breathing down his neck and married his daughter off to the general's son for insurance. Soon afterward, the dictator decided to get rid of his dangerous rival completely by signing an order for his resignation. Rodriguez, however, was able to stay one step ahead of his boss. He gained the support of the army (14,000 men). The dictator was overthrown, and the establishment of "popular democracy and a civilian regime" in the near future was announced loudly immediately following the putsch.

How realistic are these promises under present conditions? Paraguay is now experiencing one of the most severe economic crises in its history. In the long years of Stroessner's "silent democracy," more than 1.5 million people left the country, which has a total population of only around 4 million, and around 300,000 were imprisoned. One out of every three Paraguayans is unemployed, and the figure is three times as high for the native

Indian population. Many Nazi criminals have taken refuge in Paraguay. A brutal terrorist campaign was launched against progressive forces, especially communists.

According to available data, General Rodriguez ordered the expulsion of the dictator from the country. Even the United States refused to take him in. Only Chilean dictator A. Pinochet, who is "sitting out" his term in the presidential chair, decided to rescue his "friend" by offering him political asylum. It is true that Brazil also made a similar offer at the last minute.

Meanwhile, life in the Paraguayan capital is gradually returning to normal: The barricades in the streets and the portraits of the "eternal ruler" are being taken down. It has been officially announced that brown is no longer the

"compulsory" color for buildings and desks in offices. The new head of state has also announced that "the army supports the present order completely and applauds the change of government."

Nevertheless, the situation in Paraguay is still indefinite. Political groups in the country believe that the son of the deposed dictator, Gustavo, the air force colonel who was to inherit the presidential chair from his dad, has not said his last word on the matter yet. The "old guard"—consisting of Stroessner's closest army colleagues—is also dissatisfied. According to reports from Asuncion, general elections will be held in the country within 90 days and a civilian form of government will be established. To date, however, Paraguay has simply experienced a change of dictators—the dictatorship itself still exists.



**Rogachev on Improvements in Sino-Soviet Relations**

18120058 Moscow MOSCOW NEWS in English  
No 4, 29 Jan-5 Feb 89 p 6

[Interview with Igor Rogachev, USSR Deputy Foreign Minister; materials prepared by Eduard Khamidulin]

[Text] The USSR was the first country to establish diplomatic relations with the People's Republic of China: on October 3, 1949, two days after the PRC was formed.

July 14, 1950, witnessed the signing of the Soviet-Chinese Treaty of Friendship, Alliance and Mutual Assistance. Relations were on the up during the 1950s. The emergence of ideological and political differences in the early 1960s culminated in the March 1969 armed conflict over the isle of Damansky on the Ussuri River. During the 1970s there were virtually no bilateral relations and in 1979 the Treaty of Friendship, Alliance and Mutual Assistance was abrogated at China's suggestion.

Relations thawed again in the 1980s, spurred by the restructuring processes in the USSR and the PRC. Trade expanded as did bilateral contacts in economic, scientific, technological and cultural cooperation. A summit is now in the pipeline.

Question: World public opinion is keenly interested in the development of Sino-Soviet relations. In our country, too, many people would like to know where the PRC figures in the USSR's foreign policy priorities.

Answer: Sino-Soviet relations, I believe, have always claimed the attention not only of Soviet people, and rank-and-file Chinese, but people all over the world. After all, the USSR and the PRC are two major socialist states, neighbours and permanent members of the UN Security Council.

Recently our relations have attracted even closer attention due to a new stage in their development. The past two to three years have been a period of gradual quantitative changes and now the quantity is producing new quality.

The year 1989—it is safe to say—will go down in the history of Sino-Soviet relations. A summit meeting will take place. An understanding in principle has already been reached between the leaderships of both countries on this score. Mikhail Gorbachev will most likely visit the PRC. And we hope that this will happen in the first half of the year.

Now about priorities. China is a socialist country. And, as you understand, socialist countries enjoy top priority in our foreign policy.

We have similar socio-economic systems. We have one goal—the building of socialism and communism. This goal has been recorded in the constitutions of both countries and in the programmes of their Communist Parties. We are brought together by this community of interests.

Question: But priority evidently is also determined by the fact that we share such a long border, isn't it?

Answer: Quite correct. Our frontier with China is over 7,500 km long. And we want to do all we can for this frontier to bring the Soviet and Chinese people together—not drive them apart.

We have scored definite successes in this path. Bilateral negotiations on border questions were resumed two years ago and are now being conducted by government delegations. Such negotiations, it is true, were held in the past as well: over eight-odd months in 1964, and from 1969 to 1978. But in that period the Soviet-Chinese relations were at a very different stage. The positions of the delegations remained unchanged, if not immutable, and things proceeded with great difficulty. Although even then the sides accomplished things which are now proving very helpful in the border talks.

Three rounds of border talks were held in 1987-1988. We have been able to agree on the establishment of a permanently working mechanism—groups of experts who periodically meet in Moscow or in Peking and investigate border issues. They exchange maps and negotiate terms for carrying out aerial photography. Last summer for the first time both sides took aerial photographs of the eastern part of the frontier together. And this is more than 4,000 km. The work was concerted and very successful. Moreover, it was done by representatives of the two countries' armed forces. (There had been no contacts between the USSR and the PRC defence ministries for roughly 30 years.)

I have been authorized to head the Soviet government commission at border talks. For a number of years I cooperated with Comrade Qian Qichen, now PRC Foreign Minister. He and I also conducted Sino-Soviet political consultations, which started in October 1982. And last year, after the 12th round of such consultations, the sides noted with satisfaction that the political aim of these consultations had been accomplished.

Question: Foreign policy priorities are probably also connected with the future the USSR and the PRC will have in the Asian-Pacific region (APR). And the prospects for the APR's development, many believe, are great. What is the significance of this region?

Answer: A very important question. Comparing our conceptual approaches to international relations, we conclude that the USSR and the PRC have much in common. Distinctly and in great detail Mikhail Gorbachev outlined our understanding of the model of the

future world. This can be found in his Statement of January 15, 1986, in his speeches in Vladivostok and Krasnoyarsk, and in New York on December 7, 1988.

Last December Comrade Deng Xiaoping came forward with the concept of a new international political order. Analyzing this concept, we see in it new elements which are consonant with our programme for a safe and equitable world. In effect, the Soviet Union and China stand for similar goals on the international scene as a whole and in the region of Asia and the Pacific, and strive (each in its own way, each independently) for disarmament, detente, good-neighbourliness, stability and cooperation.

Both countries have also declared against military blocs, which is very important. The USSR has long voiced its readiness to accept the disbanding of the Warsaw Treaty Organization simultaneously with the disbanding of NATO. No such blocs exist in Asia and the Pacific. China also has no intention of setting up any coalitions, alliances or blocs. The Chinese leaders have repeatedly declared this with sufficient clarity.

We believe that while there are no politico-military alliances in the APR, there is a need to think how to ensure—by the combined efforts of all the states located there—regional security as part of the comprehensive system of international security.

Question: But much here will depend on Sino-Soviet relations. In this context apprehensions have also been voiced lest the worst times in relations between the USSR and the PRC should be repeated.

Answer: The Chinese comrades say that there will be no return to the 1950s in relations with the USSR. Simultaneously they say: "Neither will there be a repetition of the 1960s and 1970s." That is, they take two extreme stages in the history of Soviet-Chinese relations after 1949, when the PRC was formed: alliance and confrontation.

We agree with this approach and believe that neither the 1950s nor the 1960s-1970s should be repeated. Now we want to join our Chinese colleagues in working out a new type of relations based on principles of peaceful coexistence, good-neighbourliness and friendly cooperation. In early February, Eduard Shevardnadze will visit China. And then, as I have already said, a few months later Mikhail Gorbachev is to visit the PRC. The summit in Peking, it may be hoped, will produce important understandings in determining the future of Soviet-Chinese relations.

Question: Today it is very important that the character, trends and prospects of Soviet-Chinese relations be correctly perceived in the world. For some time you worked at the Soviet Embassy in the USA. What can you say about American estimates in the past and at present?

Answer: A definite evolution and reappraisal of values are certainly underway here. If we take the 1960s (I worked in Washington in the late 1960s), at that time the USA had no diplomatic relations with China, but was

actively preparing for them. Then, in 1972, President Nixon paid an official visit to the PRC, which was followed by the well-known Shanghai communique. In that period the USA and many other Western states were actively playing the "Chinese card." And if you remember the confrontational atmosphere of that time, attempts were made to drag China toward the capitalist camp, to the other side of the barricade.

I think that all of this is now gradually receding into the past. We are on the eve of complete normalization of Soviet-Chinese relations. This event, which is nearing, has elicited positive comment abroad. In the USA, for example, it has been officially declared on a very high level that an improvement in Soviet-Chinese relations does not evoke Washington's concern.

I think that to some extent this approach is also typical of other Western states. They don't see any threat to their interests in Soviet-Chinese relations.

And the Soviet top leaders have repeatedly declared that, in accepting broader relations with China, the USSR does not intend to impair China's relations with third countries. And Soviet-Chinese normalization will not tell on the USSR's relations with its allies and friends either.

The USSR and China are reforming their economic and political systems. Neither Moscow nor Peking is concealing that these reconstruction processes, the processes of modernization, call primarily for peaceful external conditions.

Question: What can a Soviet-Chinese summit give both countries and how can it tell on the course of world affairs?

Answer: Today it is generally understood that the absence over decades of these kinds of meetings between Moscow and Peking has been an historical anomaly. And the sooner we rectify this error, the better. This time has come. I have no doubts that the Soviet-Chinese summit will be positively received in the world. As Mikhail Gorbachev said in Krasnoyarsk, "we favour full normalization of relations with the People's Republic of China and their development to the level consistent with our two countries' responsibility for world politics."

It can already be said that the agenda of the meeting will include questions bearing on full normalization of Soviet-Chinese relations. It will also examine global problems—disarmament, lowering military confrontation in the world and, notably, in the APR, regional conflicts. We and China have been multiplying the points of contact in our approaches to regional conflicts. The sides will, of course, also discuss the situation in Indochina. The question will be how—more quickly, by political means, and given the interests of all sides—to settle one of the oldest and most sensitive conflicts on the globe. Therefore the significance of the Soviet-Chinese summit meeting can hardly be overestimated. I have no doubt that not only our friends, but also all of our partners on the world scene have a stake in its success.

**PLO Officials Visit Yerevan**

18070148 Yerevan *KOMMUNIST* in Russian  
8 Feb 89 p 2

[Editorial Report] Yerevan *KOMMUNIST* in Russian on 8 February 1989 carries on page 2 an Armenpress report on a 7 February meeting in Yerevan of First Deputy Chairman of the Armenian Council of Ministers L.G. Saakyan, PLO official Said Abu Imarah, and executive committee member of the Palestinian-Soviet Friendship Society Maysir Muhd Hasan Najah. Said

Abu Imarah notes that at the request of PLO leader Arafat \$30 thousand and a large quantity of warm clothing were acquired in the Israeli occupied territories for Armenian earthquake relief, which the Palestinians hope will be used for the construction of a childrens' medical center. After expressing the Armenian government's deep appreciation and sincere feelings of solidarity, Saakyan comments that the Soviet people believe the only path to a peaceful resolution of the Middle East situation is an international conference under the guidance of the PLO.



**Libyan Consulate Opened in Tashkent**

[Editorial Report] 18070149 Tashkent PRAVDA VOSTOKA in Russian on 31 January 1989 carries on page 3 a brief report announcing the opening in Tashkent of the general consulate of the Socialist People's

Libyan Arab Jamahiriya. The General Consul, al-Mabruk al-Gamudi Omran, presented his credentials to S.A. Azimov on 31 January. The Tashkent consulate will join the Libyan consular circle of representatives in the Kirghiz, Turkmen, Tajik, Kazakh, Azerbaijan and Georgian SSRs.

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